From Mr. Smith Coby
7 staff

GENERAL ORDER No. 103

Public Utilities Commission of the State of California

RULES GOVERNING WATER SERVICE INCLUDING MINIMUM STANDARDS FOR DESIGN AND CONSTRUCTION

Adopted June 12, 1956; Effective July 1, 1956
Decision No. 53204, Case No. 5663

See p 12 for more recent requirement for specially lined pipe in corrosive soils (not material at S.F.

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TABLE OF CONTENTS

Title	Page No.
I. General	5
1. Intent	5
a. Purpose	5
b. Absence of Civil Liability	5
2. Applicability	5
3. Definitions	5
a. Commission	5
b. Utility	5
c. Customer	5
d. Meter	5
e. Service Pipe	5
f. Service Connection	5
4. Information Available to Public	6
a. Characteristics of Water	6
b. Rates and Rules	6
c. Reading Meters	6
d. Bill Analysis	6
5. Access to Property	6
6. Discontinuance of Service	6
a. For Noncompliance with Rules	6
b. For Nonpayment of Bills	6
c. For Unsafe Apparatus or Where Service is Detrimental or Damaging to the Utility or Its Customers	6
d. For Fraudulent Use of Service	6
e. Reconnection	7
f. Charge for Reconnection	7
7. Refusal to Serve	7
a. Conditions for Refusal	7
b. Notification to Customers	7
8. Complaints	7
9. Accidents	7
10. Records and Reports	7
a. System Maps	7
b. Location of Records	8
c. Reports to the Commission	8
11. Deviations from Any of These Rules	8
II. Standards of Service	8
1. Quality of Water	8
a. General	8
b. Water Supply	8
(1) Source	8
(2) Operation of Supply System	9
c. Testing of Water	9
(1) Test	9
(2) Reports of Tests	9
2. Continuity of Service	9
a. Emergency Interruptions	9
b. Scheduled Interruptions	9
c. Record of Interruptions	9
d. Reports to Commission	9
3. Pressures	10
a. Variations in Pressure	10
b. Pressure Gauges	10
c. Pressure Surveys	10
4. Water Supply Measurement	10
a. Measuring Devices	10
b. Records	10
III. Standards of Design	10
1. General	10
2. Distribution System	10
a. Minimum Pipe Sizes	10
b. Fire Protection	11
3. Transmission System	11
4. Water Supply Requirements	11
5. Materials and Specifications	11
a. Qualification	11
b. Specification	11
c. Newly Developed Materials and Equipment	11
d. Minimum Requirements for Steel Pipeline	11
(1) Outside Coating	11
(2) Inside Lining	12
(3) Pipes Under 4-inches Outside Diameter	12
(4) Pipes 4-inches Outside Diameter and Larger	12
(5) Exception when Used for Reinforcing	12
IV. Standards of Construction	12
1. General	12
2. Disinfection of Facilities	12
3. Mains	12
a. Depth of Mains	12
b. Dead Ends	12
c. Segmentation of System	12
d. Grid Systems	13
4. Service Connections	13
a. Size of Service Pipe	13
b. Depth of Service Pipe	13
V. Extension of Service	13
1. Mains	13
2. Service Connections	13
a. Ownership of Service	13
(1) Charge of Service Connections	13

TABLE OF CONTENTS—Continued

Title	Page No.
(2) Utility's Responsibility	13
(3) Customer's Responsibilities Precedent to Receiving Service	14
b. Location of Service	14
VI. Measurement of Service	14
1. Method of Measuring Service	14
a. Metering	14
b. Registration of Meter	14
c. Irrigation Meters	14
d. Charge for Meter Installation	14
2. Meter Test Facilities and Equipment	14
a. Test Facilities	14
b. Shop Equipment	14
c. Test Measurement Standards	15
(1) Basic Standards	15
(2) Size of Basic Standards	15
3. Accuracy Requirements of Water Meters	15
a. General	15
b. Test Flows	15
c. Determination of Accuracy	15
d. Sealing of Meter	16
e. Record of Test	16
4. Initial Tests and Storage of Meters	16
5. Repaired or Tested Meters	16
6. Periodic Tests of Water Meters	16
a. General	16
b. Test Periods	16
(1) Adoption of Test Periods by Utility	16
(2) Test Periods if Not Adopted by Utility	16
(3) Meters in Service at the Time These Rules Become Applicable	16
(4) Provision for Initial Five-Year Grace Period	16
c. Report of Periodic Tests of Meters	17
7. Tests on Customer Request	17
a. Compliance by Utility	17
b. Charge for Test	17
c. Test Procedure	17
d. Return of Deposit	17
e. Location of Test	17
f. Report of Test to Customer	17
8. Meter Records	17
VII. Rates and Billing	18
1. Filing of Tariffs	18
2. Information on Bills	18
3. Adjustment of Bills for Meter Error	18
a. Fast Meters	18
b. Slow Meters	18
(1) Commercial Service	18
(2) Other Than Commercial Service	18
c. Nonregistering Meters	18
d. General	18
APPENDIX A—Sections of Rules Governing Water Service including Minimum Standards for Design and Construction which shall be applicable to Utility Water Systems supplying water not intended or claimed to be potable from ditches, canals or other conduits	19
APPENDIX B—Specifications for the Coating and Wrapping of Steel Water Pipe	20
CHART 1—Pipe Size Determination Chart for Single Pipe Runs for Given Length of Line and Number of Customers at 25 lb. Minimum Service Connection Pressure	following page 20
CHART 2—Water Supply Requirements for Flat Rate and Metered Water Systems	following page 20

I. GENERAL

1. Intent.

   a. Purpose. The purpose of these rules is to promote good public utility practices, to encourage efficiency and economy and to establish minimum standards to be hereafter observed in the design, construction and operation of waterworks facilities by water utilities operating under the jurisdiction of the Commission. The standards herein prescribed are intended as minimum standards applicable after adoption and continued full utilization of existing facilities is contemplated. Nothing contained in any of the rules herein promulgated shall be construed to require the replacement or abandonment prior to the expiration of economic utilization of facilities in use at the time of adoption of these rules unless the Commission, after hearing, shall enter an order directing the abandonment or replacement of particular facilities found to be inadequate for the rendition of proper public utility service.

   b. Absence of Civil Liability. These rules are adopted by the Commission to establish minimum standards in relation to the design, construction and operation of waterworks facilities by water utilities operating under the jurisdiction of the Commission. Such establishment shall not impose upon these utilities, and they shall not be subject to, any civil liability for damages, which liability would not exist at law if these rules had not been adopted.

2. Applicability. These rules are designed primarily for utility systems supplying potable water under pressure but shall apply insofar as they may be appropriate to utility systems supplying water not intended or claimed to be potable from ditches, canals or other conduits. The paragraphs of these rules applicable to utility systems supplying such non-potable water are set forth in Appendix A hereto.

3. Definitions.

   a. Commission. In the interpretation of these rules the word "Commission" shall be construed to mean the Public Utilities Commission of the State of California.

   b. Utility. Any person, firm, or corporation, their lessees, trustees, receivers or trustees appointed by any court whatsoever, owning, controlling, operating, or managing any water system within this State, who sells, leases, rents, or delivers water to any person, firm, corporation, municipality, or any other political subdivision of the State, whether under contract or otherwise, is a public utility, except as provided in Sections 2704, 2705 and 2706 of the Public Utilities Code.

   c. Customer. The word "customer" shall be construed to mean any person, firm, association, corporation or governmental agency supplied or entitled to be supplied with water service for compensation by a utility.

   d. Meter. The word "meter" shall be construed to mean any device used for the purpose of measuring the quantity of water delivered by a utility to a customer.

   e. Service Pipe. The term "service pipe" shall be construed to mean the connection between the utility's mains and the service connection and shall include all of the pipe, fittings and valves necessary to make the connection.

   f. Service Connection. The term "service connection" shall be construed to mean the point of connection of the customer's piping or ditch with the meter, service pipe or ditch owned by the utility.

4. Information Available to Public. The utility shall maintain, open for public inspection, at its more important commercial offices pertinent information regarding the service rendered including the following:
   a. Characteristics of Water. A description in writing of the kind of water to be furnished, whether filtered or unfiltered and whether treated or untreated and the extent thereof.
   b. Rates and Rules. A copy of the tariff schedules consisting of rates, general rules of the utility, service area maps and forms of contracts and applications applicable to the territory served from that office.
   c. Reading Meters. Information about method of reading meters.
   d. Bill Analysis. A statement of the past readings of the meter or meters serving a customer's own premises for a period of two years.
5. Access to Property. The utility shall at all reasonable hours have access to meters, service connections and other property owned by it which may be located on customer's premises for purposes of installation, maintenance, operation or removal of its property at the time service is to be terminated. The customer's system should be open for inspection at all reasonable times to authorized representatives of the utility. Any employee of the utility whose duties require him to enter the customer's premises shall wear a distinguishing uniform or other insignia, identifying him as an employee of the utility, or carry on his person a badge or other identification which will identify him as an employee of the utility, the same to be shown by him upon request.
6. Discontinuance of Service.
   a. For Noncompliance with Rules. No utility shall discontinue service to any customer for violation of its rules without first having diligently tried to induce the customer to comply with its rules on file with the Commission. After such effort on the part of the utility, service may be discontinued after the utility has given the customer at least five days' written notice of such intention either by mail or by leaving such notice in a conspicuous place at the customer's premises. Where safety of water supply is endangered, service may be discontinued immediately without notice.
   b. For Nonpayment of Bills. No utility shall discontinue service to any customer for nonpayment of bills (including delayed payment charges) without first having diligently tried to induce the customer to pay same. After such effort on the part of the utility, service may be discontinued after the utility has given the customer at least five days' written notice of such intention in the manner provided in the preceding paragraph.
   c. For Unsafe Apparatus or Where Service is Detrimental or Damaging to the Utility or Its Customers. If an unsafe or hazardous condition is found to exist on the customer's premises, or if the use of water thereon by apparatus, appliances, equipment or otherwise is found to be detrimental or damaging to the utility or its customers, the service may be shut off without notice, provided that the utility shall notify the customer immediately of the reasons for the discontinuance and the corrective action to be taken by the customer before service can be restored.
   d. For Fraudulent Use of Service. When the utility has discovered that a customer has obtained water service by fraudulent means, or has diverted the water service for unauthorized use, the service to that customer may be discontinued without notice. The utility shall not be required to restore service until the customer has complied with all filed rules and reasonable requirements of the utility and the utility has been reimbursed for the full amount of the service rendered and the actual cost to the utility incurred by reason of the fraudulent use.

e. Reconnection. In all cases of discontinuance of service as herein defined, and after the cause for discontinuance has been corrected, and all rules of the utility on file with the Commission have been complied with, the utility shall, without unreasonable delay, restore service to the customer.

f. Charge for Reconnection. Where service has been discontinued for violation of rules or for nonpayment of bills, the utility may charge $2.50 for reconnection of service during regular working hours or $5.00 for reconnection of service at other than regular working hours when the customer has requested that the reconnection be made at other than regular working hours.

7. Refusal to Serve.

a. Conditions for Refusal. The utility may refuse to serve an applicant for service under the following conditions:

(1) If the applicant fails to comply with the rules of the utility as filed with the Commission.

(2) If the intended use of the service is of such a nature that it will be detrimental or injurious to the service furnished to existing customers.

(3) If, in the judgment of the utility, the applicant's installation for utilizing the service is unsafe or hazardous, or of such a nature that satisfactory service cannot be rendered.

(4) Where service has been discontinued for fraudulent use, it shall be the duty of the utility before making service connections to a new customer to ascertain that prior fraudulent use of the facilities will not be attributed to the new customer. Where service has been discontinued for fraudulent use, the utility shall not be required to serve an applicant until the utility has determined that all conditions of fraudulent use or practice have been corrected.

b. Notification to Customers. When an applicant is refused service under the provisions of this rule, the utility shall notify him promptly of the reason for the refusal to serve and of his right to appeal the utility's decision to the Commission.

8. Complaints. Upon complaint to the utility by a customer either at its office, by letter or by telephone, the utility shall promptly make a suitable investigation and advise the complainant of the results thereof. It shall keep a record of all complaints which shall show the name and address of the complainant, the date and nature of the complaint, and the adjustment or disposition thereof for a period of two years subsequent to the final settlement of the complaint. After two years the utility shall keep at its option either the original complaints or a summary of such complaints for an additional three years. Complaints with reference to rates or charges which require no further action by the utility need not be recorded.

9. Accidents. The utility shall cooperate with the Commission to promote a reduction in hazards within the industry and to the public. The utility shall keep a record of any accident endangering the public in general, or its employees, or disrupting the facilities for supplying water to the public which may have caused substantial property damage, serious personal injury or death, which shall be available for inspection by the Commission for the period prescribed by the California Code of Civil Procedure for the commencement of actions thereon but in no instance less than five years. The utility shall assist the Commission in the event of an investigation by the Commission staff.

10. Records and Reports.

a. System Maps. Each utility shall have on file at its principal office located within the state, drawings, maps or other permanent records for the purpose of aiding in the operation of the water system. The scale of such maps or drawings shall be such that all data recorded thereon shall be clear and legible. These records, unless the Commission otherwise authorizes, shall show the following:

(1) Location of all principal pumping stations, diversion works, water treatment and filter plants, sources of supply, storage facilities, size, character, and location of all mains and ditches, including valves and gates, gauges, interconnections with other systems and fire hydrants.

(2) Location, size and kind of each service pipe.

(3) Layout of all principal pumping stations, water treatment and filter plants to show size, location and character of all major equipment, pipelines, connections, valves and other equipment used in connection therewith.

(4) The date of construction of all principal items of plant and extensions of main.

b. Location of Records. All records required by these rules shall be kept at the principal office of the utility or other suitable storage place located within the state and shall be made available to representatives, agents or employees of the Commission upon reasonable notice and at all reasonable hours.

Reports to the Commission. The utility shall furnish to the Commission, at such times and in such form as the Commission may require, the results or summaries of any tests required by these rules. The utility shall also furnish the Commission with any information concerning the utility's facilities or operations which the Commission may request and need for determining rates or judging the practices of the utility.

11. Deviations from Any of These Rules. In those cases where the application of any of the rules incorporated herein results in undue hardship or expense to the utility, it may request specific relief by filing a formal application in accordance with the Commission's Rules of Procedure, except that where the relief to be requested is of minor importance or temporary in nature, the Commission may accept an application and showing of necessity by letter.

II. STANDARDS OF SERVICE

1. Quality of Water.

a. General. Any utility serving water for human consumption or for domestic uses shall provide water that is wholesome, potable, in no way harmful or dangerous to health and, insofar as practicable, free from objectionable odors, taste, color and turbidity. Any utility supplying water for human consumption shall hold or make application for a permit as provided by the Health and Safety Code of the State of California, and shall comply with the laws and regulations of the state or local Department of Public Health. It is not intended that any rule contained in this paragraph II 1 shall supersede or conflict with an applicable regulation of the State Department of Public Health. A compliance by a utility with the regulations of the State Department of Public Health on a particular subject matter shall constitute a compliance with such of these rules as relate to the same subject matter except as otherwise ordered by the Commission.

b. Water Supply. In the absence of comparable requirements of the State Department of Public Health, the following general rules shall apply:

(1) Source. Water supplied by any utility shall be:

(a) Obtained from a source free from pollution; or obtained from a source adequately purified by natural agencies; or adequately protected by artificial treatment.

(b) From a source reasonably adequate to provide a continuous supply of water.

(c) Of such quality as to meet the United States Public Health Service Drinking Water Standards of 1946.

(2) Operation of Supply System.

(a) The water supply system, including wells, reservoirs, pumping equipment, treatment and filtration works, mains, meters and service pipes shall be free from sanitary defects.

(b) No physical connection between the distribution system of a public potable water supply and that of any other water supply shall be permitted except in compliance with the Regulations Relating to Cross-Connections of the State Department of Public Health contained in Title 17 of the California Administrative Code.

(c) The presence of algae, crenothrix and other growths in the water shall be controlled by proper treatment.

c. Testing of Water.

(1) Test. Each utility shall have representative samples of the water supplied by it examined by the state or local Department of Public Health or by an approved water laboratory as defined in Title 17 of the California Administrative Code, at intervals specified by the state or local Department of Public Health, in accordance with the United States Public Health Service Drinking Water Standards of 1946.

(2) Reports of Tests. The Commission shall be promptly notified in writing by the utility and supplied with a preliminary report describing the situation when matters of water quality are under review by the state or local Health Department as a result of not meeting the United States Public Health Service Drinking Water Standards of 1946. A final report shall be submitted to the Commission within a reasonable time after final disposition of the matter.

2. Continuity of Service.

a. Emergency Interruptions. Each utility shall make all reasonable efforts to prevent interruptions to service and when such interruptions occur shall endeavor to reestablish service with the shortest possible delay consistent with the safety to its customers and the general public. Where an emergency interruption of service affects the service to any public fire protection device, the utility shall promptly endeavor to notify the Fire Chief or other public official responsible for fire protection of such interruption and of subsequent restoration of normal service.

b. Scheduled Interruptions. Whenever any utility finds it necessary to schedule an interruption to its service, it shall, where feasible, notify all customers to be affected by the interruption, stating the approximate time and anticipated duration of the interruption. Scheduled interruptions shall be made at such hours as will provide least inconvenience to the customers consistent with reasonable operations. Where public fire protection is provided by the mains affected by the interruptions, the utility shall promptly endeavor to notify the Fire Chief or other officials responsible for fire protection, stating the approximate time and anticipated duration. In addition, the Fire Chief or other official responsible for fire protection shall be notified promptly upon restoration of service.

c. Record of Interruptions. Each utility shall keep a complete record of all major interruptions, both emergency and scheduled. This record shall show the cause for interruption, date, time, duration, location, approximate number of customers affected and, in cases of emergency interruptions, the remedy and steps taken to prevent recurrence.

d. Reports to Commission. All emergency interruptions involving an entire system, an entire separately operated system of a multi-system utility or a major portion of an entire or separately operated system shall be reported to the Commission by the utility as soon as possible after occurrence by telephone or telegraph stating the cause, date, time, estimated duration, location, approximate number of customers affected

and remedial steps being taken to restore service. Written reports thereof shall be submitted to the Commission within 48 hours after restoration of service giving the information outlined in subparagraph c above, together with such other data as may be appropriate under the circumstances.

3. Pressures.

a. Variations in Pressure. The utility shall maintain normal operating pressures of not less than 25 p.s.i.g. nor more than 125 p.s.i.g. at the service connection, except that during periods of hourly maximum demand the pressure at the time of peak seasonal loads may be not less than 20 p.s.i.g. and that during periods of hourly minimum demand the pressure may be not more than 150 p.s.i.g. Variations in pressures under normal operation shall not exceed 50% of the average operating pressure. The average operating pressure shall be determined by computing the arithmetical average of at least 24 consecutive hourly pressure readings. In the interpretation of this rule it shall be understood that in systems of widely varying elevations a utility may undertake to furnish a service which does not comply with the foregoing specifications if the customer is fully advised of the conditions under which average service may be expected, and the customer's agreement secured in writing. It shall be understood that this waiver shall not deny the right of the customer to request a service more nearly comparable to that furnished to the balance of the system, nor the Commission's right to require a better service when, upon investigation, it appears right and proper that such betterments should be made.

b. Pressure Gauges. Each utility shall provide itself with one or more recording pressure gauges for each separately operated system for the purpose of making pressure surveys as required by these rules. These gauges shall be able to record the pressure experienced on such system and shall be able to record a continuous 24-hour test. Each utility serving 1,000 or more customers in a separately operated system or 1,000 or more customers in any separately operated system of a multi-system utility shall maintain one or more of these recording pressure gauges in service at some representative point or points on the utility's system.

c. Pressure Surveys. At regular intervals, but not less than once each year, each utility shall make a survey of pressures in its distribution system of sufficient magnitude to indicate the pressures maintained at representative points on its system. Such surveys should be made at or near the period of maximum usage. The pressure charts for these surveys shall show the date and time of beginning and end of the test and the location at which the test was made. Records of these pressure surveys shall be maintained by the utility for a period of at least three years and shall be made available to representatives, agents or employees of the Commission upon request.

4. Water Supply Measurement.

a. Measuring Devices. Each utility shall install a suitable measuring device, or otherwise determine production, at each source of supply in order that a record may be maintained of the quantity of water produced by each source.

b. Records. At least once each month, the quantity produced from each source of supply shall be determined. Twelve-month totals by sources shall be recorded and transmitted to the Commission in the utility's annual report to the Commission.

III. 1. General. The system shall be adequate to deliver the water requirements of all customers and meet the requirements of paragraph II 3 a.

2. Distribution System.

a. Minimum Pipe Sizes. The distribution system shall be of adequate size and so designed in conjunction with related facilities to maintain the minimum pressures required by paragraph II 3 a. In special cases pipes of small diameter may be installed provided the utility shall meet the

Wants ~~Co~~ Utility & asking for

Abstract from Fire Protection
Schedule # 5 from Tariff 7
Jensen Beach Water Co.

Rate for each Hydrant connected to Main

	Per Mo
2" or smaller	.75
3"	1.25
4"	2.00
6" or larger	2.50

Special Conditions.

1. For water other than thru Hydrants, regular metered Service

2. Cost of Installation and maintenance of hydrants will be borne by the utility

3. Relocation of any hydrant shall be at expense of the party requesting relocation.

4. The utility will supply only such water as may at such pressure as may be available from time to time as the result of its normal operation of the system

P.S.C. - Effective October 15, 1958.

requirements of the Pipe Size Determination Chart (Chart 1) appended hereto, which chart is adopted as a part of these rules. In addition, the maximum length of small pipelines shall not exceed the following:

	Circulating	*Non-Circulating*
1-inch nominal size	150 feet	100 feet
1½-inch nominal size	300 feet	200 feet
2-inch nominal size	500 feet	250 feet

b. Fire Protection. Specifications, location, installation, and the responsibility for the maintenance of fire hydrants, public and private fire protection facilities, connecting mains, and their ownership may be subject to negotiation between the utility and the applicant. Fire hydrants and public and private fire protection facilities shall be installed to the requirements of the utility and when owned by the utility shall be subject to such conditions as the Commission may determine based upon the compensation received for this service.

3. Transmission Systems. The transmission pipelines from sources of supply shall be designed to deliver in combination with related storage facilities and to the limits of the capacity of those sources of supply the maximum requirements of that portion of the system which is dependent upon such transmission pipelines.

4. Water Supply Requirements. The quantity of water delivered to the distribution system from all source facilities should be sufficient to supply adequately, dependably and safely the total requirements of all customers under maximum consumption, and should be determined so as to maintain the specified pressures as required by paragraph II 3 a. The utility may make use of the Water Supply Requirements Chart (Chart 2) appended hereto and made a part of these Minimum Standards for average requirements of service. For other than such average requirements, the results obtained from Chart 2 shall be supplemented as appropriate.

5. Materials and Specifications.

a. Qualification. Metallic and nonmetallic materials may be used separately and in combination to construct component parts of a water system including, but not limited to, conduits, pipes, couplings, caulking materials, protective linings and coatings, services, valves, hydrants, pumps, tanks and reservoirs; provided:

(1) The material shall have a reasonable useful service life.

(2) The material shall be capable of withstanding with ample safety factors the internal and external forces to which it may be subjected in service.

(3) The material shall not cause the water to become impure, unwholesome, unpotable or unhealthful.

(4) Materials and equipment shall be so selected as to mitigate corrosion, electrolysis and deterioration.

b. Specification. Materials and equipment shall be specified by a properly qualified person.

c. Newly Developed Materials and Equipment. It is not the intention to prevent the use of newly developed materials and equipment that otherwise meet the requirements of paragraphs a and b, above.

d. Minimum Requirements for Steel Pipeline. The requirements as set forth in paragraphs a, b and c, above, are intended to be general in nature in order to permit full discretion in the selection of proper materials and equipment by the qualified person. However, in distribution and transmission systems the following minimum requirements shall be met in the design of steel pipelines.

(1) Outside Coating. Any of the following, except that those portions laid above ground may be protected on the outside after cleaning by painting only:

(a) Coal tar enamel wrapped as specified by American Water Works Association Specification No. C204.

(b) Asphalt with asbestos felt or fiberglass wrapping in accordance with the Specifications shown in Appendix B.

(c) Reinforced concrete in accordance with American Water Works Association Specification No. C205.

(2) Inside Lining. Any of the following:

(a) Coal tar enamel in accordance with American Water Works Association Specification No. C204.

(b) Asphalt as specified in the Specifications shown in Appendix B.

(c) Cement lining in accordance with American Water Works Association Specification No. C205 or Federal Specification WWP 406, where applicable.

(3) Pipes Under 4-inches Outside Diameter. Pipes under 4-inches in outside diameter may be dipped in asphalt after cleaning without wrapping, provided they have a minimum wall thickness of 12-gauge. If wrapped outside in accordance with the specifications outlined in paragraph d(1), above, the minimum gauge shall be 14-gauge.

(4) Pipes 4-inches Outside Diameter and Larger. The wall thickness of pipes 4-inches in outside diameter and larger shall meet the following minimum gauge requirements:

(a) 4-inch O.D. to and including 6⅝-inch O.D. pipe—12-gauge.

(b) 7-inch O.D. to and including 10¾-inch O.D. pipe—10-gauge.

(c) Pipes over 10¾-inches in outside diameter shall be of 10-gauge minimum steel thickness.

All such pipes shall meet the standard specifications of the American Water Works Association Specification No. C202 and be of adequate design for the existing conditions.

(5) Exception when Used for Reinforcing. Where steel pipe is used as reinforcing for cement coated and lined pipe, steel of lesser wall thickness may be used provided the design is such that the strength of the reinforced concrete is equal to the American Water Works Association Specification No. C202 or Federal Specifications SS-P-381 for a steel pipe of the same diameter.

IV. STANDARDS OF CONSTRUCTION

1. General. The design and construction of the utility's water plant shall conform to standard acceptable engineering practices. It shall be designed and operated so as to provide reasonably adequate and safe service to its customers and shall conform to the requirements of the state or local Department of Public Health with reference to sanitation and potability of water.

2. Disinfection of Facilities. All new mains, pumps, tanks, wells and other facilities for handling potable water and insofar as practicable, repaired mains and other facilities, shall be thoroughly disinfected before being connected to the system. The method of disinfection shall be as approved by the State Department of Public Health.

3. Mains.

a. Depth of Mains. Water mains should be installed below the frost line or be otherwise protected to prevent freezing and shall not have less than 30-inches of cover over the top of the pipe in public streets or alleys except where it is necessary to avoid underground obstructions or rocky or hardpan conditions where such depth is not feasible.

b. Dead Ends. Insofar as practicable, the utility shall design its distribution system so as to avoid dead ends in its mains. Where dead ends are necessary, the utility shall provide a means for flushing the mains where the normal consumption does not provide adequate circulation of the water. Mains with dead ends shall be flushed as often as necessary to maintain the proper quality of the water.

c. Segmentation of System. Valves shall be provided in distribution mains at reasonable intervals so that repairs may be effected by the utility with interruptions to the service of a minimum number of customers. When feasible, valves shall be provided in the mains at inter-

vals not to exceed one continuous block or 500 feet, whichever is greater, except where a dead end run is not intended to serve any intervening customers.

d. Grid Systems. Wherever feasible, the distribution system shall be laid out in a properly segmented grid so that in case of breaks or repairs the interruption to service to the customers can be kept to a minimum in number.

4. Service Connections.

a. Size of Service Pipe. The size, design, material and installation of the service pipe shall conform to the reasonable requirements of the utility, provided, however, that the minimum size of the pipe shall not be less than ¾-inch nominal size. The utility may require the customer to provide such data as may be necessary for the utility to properly size a service larger than ¾-inch nominal size consistent with the requirements of paragraph II 3 a. The utility in installing ¾-inch and 1-inch services may use the following formula as a guide provided the requirements of paragraph II 3 a are met:

¾-Inch Service
Residential Lot Area—Metered Service— 8,000 square feet
Flat Rate Service—10,000 square feet
Business—Not over 10 outlets and only one flush-o-meter toilet.

1-Inch Service
Residential Lot Area—Metered Service— 8,000 to 20,000 square feet
Flat Rate Service—10,000 to 25,000 square feet
Business—From 10 to 30 outlets and from 1 to 2 flush-o-meter toilets.

b. Depth of Service Pipe. Except in unusual conditions all service pipes shall be laid at a depth sufficient to prevent freezing, except where services are not intended for use during freezing weather and are actually drained prior to such weather, and at a depth of not less than 18 inches except at its termination in connecting with the meter or customer's piping.

V. EXTENSION OF SERVICE

1. Mains. Each utility shall file with this Commission as a part of each of its regularly filed tariff schedules a main extension rule in conformity with Decision No. 50580 of this Commission dated September 28, 1954 and as reported in 53 Cal. PUC Page 490.

2. Service Connections.

a. Ownership of Service.

(1) Charge for Service Connections. The utility shall make no charge to a customer for making a service connection except in case of connections for private fire protection service, connections for temporary service, or where for irrigation service additional connections are requested for the convenience of the customer or because of divisions of land ownership when the land before division was receiving irrigation service.

(2) Utility's Responsibility. In urban areas with dedicated front streets, rear service roads, or public utility easements the utility shall furnish and install the service pipe, curb stop, meter and meter box at its own expense for the purpose of connecting its distribution system to the customer's piping, except, for temporary services, and as otherwise provided in the utility's main extension rules. The service connection, curb stop, meter and meter box may be installed at a convenient place between the property line and the curb, or inside the customer's property line where necessary. The service connection shall determine the point of delivery to the customer of water service by the utility. No rent or other charge will be paid by the utility where such utility owned service facili-

ties are located on a customer's premises. In areas which do not have dedicated front streets, rear service roads, or public utility easements the utility shall furnish and install the service pipe, curb stop, meter and meter box at a convenient point on or near the customer's property except for service beyond the service area.

(3) Customer's Responsibilities Precedent to Receiving Service. The customer as a condition precedent to receiving service shall furnish and lay the necessary piping to make the connection from the service connection to the place of consumption and shall keep such piping in good repair in accordance with such reasonable requirements of the utility as may be incorporated in its rules. A main valve shall also be provided by the customer on his piping between the service connection and the point of use. Where service is rendered at or near the service area boundary for use beyond the service area the customer will be required to install, operate and maintain the facilities necessary to provide service.

b. Location of Service. The customer's piping shall extend to that point on the curb line or property line easiest of access to the utility from its existing distribution system or requiring the least extension of the existing distribution main. The utility should be consulted before installation thereof and its approval of location secured.

VI. MEASUREMENT OF SERVICE

1. Method of Measuring Service.

a. Metering. All water sold by a utility shall be upon the basis of metered volume sales except that the utility may at its option provide flat rate or estimated service for the following:

(1) Residential, business, commercial, industrial (in special situations) and irrigation service after authorization has first been obtained from the Commission.

(2) Temporary service where the water use can be readily estimated.

(3) Public and private fire protection service.

(4) Water used for street sprinkling and sewer flushing, when provided for by contract between the utility and the municipality or other local governmental authority.

b. Registration of Meter. All meters used for metered sales excluding sales from irrigation systems or other irrigation sales shall have registration devices indicating the volume of water in either cubic feet or United States gallons. Where a constant or multiplier is necessary to convert the meter reading to cubic feet or gallons, the constant shall be indicated on the meter or on the meter reading sheet.

c. Irrigation Meters. Irrigation service may be provided with meters which measure in acre feet or miner's inch days. This service may also be rendered on a volume basis by the use of a caliberated orifice such as the miner's inch box, by the use of weirs or otherwise measured as provided in applicable tariff schedules.

d. Charge for Meter Installation. No utility shall charge for its installation of any devices for metering service to a customer, except for temporary service where the utility may charge its actual cost of installation and removal of its metering devices or where irrigation service is rendered through more than one outlet for the convenience of the customer.

2. Meter Test Facilities and Equipment.

a. Test Facilities. Each utility furnishing metered water service shall provide the necessary standard facilities, instruments and other equipment for testing its meters in compliance with these rules. Any utility may be excepted from this requirement provided that satisfactory arrangements are made for test of its meters by another utility or agency equipped to test meters in compliance with these rules.

b. Shop Equipment. The meter test shop shall be provided with the necessary equipment to test up through 2-inch displacement meters, including a quick acting valve for controlling the starting and stopping

of the test and a device for regulating the flow of water through the meter under test. The accuracy of the test equipment and test procedures shall be sufficient to enable shop test of displacement meters with an error not to exceed 0.3 of 1%.

c. Test Measurement Standards. Measuring devices for test of meters shall consist of calibrated tanks for volumetric measurement, tanks mounted upon scales for weight measurement or standard meters.

(1) Basic Standards. When a volumetric tank is used, it shall be accompanied by a certifcate of accuracy acceptable to the Commission from a County Sealer of Weights and Measures or from a standards laboratory. When a weight standard is used, the scales shall be tested and calibrated at least once every year by such approved laboratory, or County Sealer of Weights and Measures and a record maintained of the results of the test. Standard meters may be used for field tests of meter accuracy provided they are tested and calibrated to permit the test of meters within the limits of accuracy required by these rules, either by the utility with its volumetric or weight standard equipment or by an approved laboratory at least once every 60 days while the standard meter is in use and a record of such tests shall be kept by the utility for a period of not less than five years.

(2) Size of Basic Standards. When basic standards are used for meter tests, they shall be of a capacity sufficient to insure accurate determinations. The minimum requirement for testing disc meters from $\frac{5}{8}$ x $\frac{3}{4}$-inch through 2 inches in size shall include a 10 and a 1 cubic-foot tank for meters registering in cubic feet or a 100 and a 10-gallon tank for meters registering in gallons.

3. Accuracy Requirements of Water Meters.

a. General. All meters used for measuring quantities of water delivered to customers shall be in good mechanical condition, shall be adequate in size and design for the type of service which each measures and shall be accurate to within generally accepted standards. The standards of accuracy for displacement meters are set forth in paragraphs b and c, following.

b. Test Flows. For determination of minimum test flow and normal test flow limits, the Commission adopts as a guide the appropriate standard specifications of the American Water Works Association for the various types of meters. These test flows for displacement type cold water meters are as follows:

Nominal Meter Size Inches	*Minimum Test Flow Gallons per Minute*	*Normal Test Flow Limits Gallons per Minute*
$\frac{5}{8}$ or $\frac{5}{8}$ x $\frac{3}{4}$	$\frac{1}{4}$	1 – 20
$\frac{3}{4}$	$\frac{1}{2}$	2 – 30
1	$\frac{3}{4}$	3 – 50
1–$\frac{1}{2}$	1–$\frac{1}{2}$	5 – 100
2	2	8 – 160
3	4	16 – 300
4	7	28 – 500
6	12	48 – 1000

c. Determination of Accuracy. Displacement meters shall be tested at three or more test flows: one at the minimum test flow, one at 10% of the maximum normal test flow limit and one at a rate over 35% of the maximum normal test flow limit. A meter shall not be placed in in service if it registers less than 95% of the water passed through it at the minimum test flow or over or under registers more than 1½% in the normal test flow limits; with the exception that a repaired meter shall register not less than the following appropriate percentage of the water passed through it at the minimum test flow and shall not over or under register more than 2% in the normal test flow limits,

If manufactured on or after January 1, 1947 ..... 90%
If manufactured prior to January 1, 1947 ..... 85%

d. Sealing of Meter. Upon completion of adjustment and test of any water meter under the provisions of these rules, the utility shall affix thereto a suitable seal in such a manner that adjustment or registration of the meter cannot be tampered with without breaking the seal.

e. Record of Test. A complete record of all displacement and other mechanical meter tests and data sufficient to allow checking of test calculations, shall be recorded by the meter tester. Such record shall include: the identifying number of the meter; the type and size of the meter; the constant of the meter; the date and kind of tests made; the reading of the meter before making any test; the error as found at each test; and, if readjusted, the percentage of registration as left after each test. The complete record of tests of each meter shall be retained for at least five years.

4. Initial Tests and Storage of Meters. Every water meter shall be tested as required by these rules prior to its installation either by the manufacturer, the utility or any reliable organization equipped for meter testing. Each meter should be stored in an inverted position, and unless so stored it shall be so tested immediately before installation.

5. Repaired or Tested Meters. All water meters removed from service for repair or tested in accordance with these rules shall be restored to the prescribed limits of accuracy as required by these rules before again being placed in service.

6. Periodic Tests of Water Meters.

a. General. The length of time that a meter shall be allowed to remain in service before receiving test and repair should be determined from an economic analysis.

b. Test Periods.

(1) Adoption of Test Periods by Utility. A utility may adopt a test period for the periodic test of meters within any well defined separate system as the utility may deem appropriate, based upon a consideration of relevant economic factors and accuracy of meters, provided authorization for such test period for any such separate system is first obtained from the Commission. Requests for such authorization may be made by an application and showing of necessity by letter.

(2) Test Periods if Not Adopted by Utility. Unless a test period for such periodic tests of meters shall have been adopted as provided in paragraph (1), above, no meter shall be allowed to remain in service more than ten years from the time when last tested without again being retested in the manner provided by these rules. Nothing in these rules shall be construed to mean that such periodic tests may not be made more frequently than once in every ten years.

(3) Meters in Service at the Time These Rules Become Applicable. Each utility shall test its meters installed previous to the time these rules become applicable progressively over the next succeeding ten-year period from such time or over such other period as may be adopted as provided in paragraph (1), above, as the applicable periodic test period within any well defined separate system. The order of test of these meters shall be such that those in service the longest period of time over the applicable periodic test period from the time when last tested shall be tested first whenever feasible.

(4) Provision for Initial Five-Year Grace Period. When application is to be made for authorization of a test period under paragraph (1), above, the utility shall have a period of five years from the effective date of these rules within which to adopt a test period for the periodic test of meters within any well defined separate system as the utility may deem appropriate and the provisions of paragraphs (2) and (3), above, shall not be applicable to the utility during such five-year period so long as the utility shall be

reasonably engaged in the work necessary to the adoption of such test period or shall be awaiting Commission authorization with respect to a request therefore submitted to the Commission. When such application is to be made hereunder and the utility desires to avail of such five-year period the utility shall notify the Commission in writing within one year from the effective date of these rules.

c. Report of Periodic Tests of Meters. Each utility shall make a summary of all periodic tests of meters made each calendar year as required by these rules and shall submit such summary to the Commission by not later than March 15th of the year following.

7. Tests on Customer Request.

a. Compliance by Utility. The utility shall within one week after request by a customer proceed to test the meter serving his premises, except where service is rendered from open conduits such test may be deferred for a reasonable length of time when it would necessitate the interruption of service to any other customer. Such test of meters other than displacement meters shall consist of an acceptable method of verifying the accuracy of the meter.

b. Charge for Test. No charge shall be made for such a test, except where a customer requests a test within six months after installation of the meter or more often than once a year, in which cases the customer shall be required to deposit with the utility the following amount to cover the cost of each such test:

Size of Meter	*Amount of Deposit*
One inch or smaller	$2.00
Larger than one inch	3.50

c. Test Procedure. Every meter tested at the request of a customer shall be tested in the condition as found in the customer's service prior to any alteration or adjustment in order to determine the average meter error. This test shall consist of testing at the three rates of flow as determined in paragraph 3c, above, and in addition, at twice the minimum test flow. The average meter error shall be considered to be the algebraic average of the errors of the three highest test flows.

d. Return of Deposit. Any deposit made under paragraph b, above, will be returned to the customer if the average meter error is found to be more than 2% fast. The customer will be notified not less than five days in advance of the time and place of the test.

e. Location of Test. A customer shall have the right to require the utility to conduct the test in his presence or in the presence of his representative. Where the utility has no proper meter testing facilities available locally, the meter may be tested by a meter manufacturer or its agency, or by any other reliable organization equipped for water meter testing or by the utility's meter testing plant where located in some other community, in which latter case the utility upon demand of the customer shall furnish the customer with a notarized statement certifying as to the method used in making the test and as to the accuracy of the meter.

f. Report of Test to Customer. A report showing the results of the test shall be furnished to the customer within 15 days after the completion of the test.

8. Meter Records. Each utility shall keep records giving for each displacement and other mechanical meter owned and used by it for any purpose the identification number, name of manufacturer, serial number, type, size and the address of the premises where the meter has been in service, with dates of installation and removal. These records shall also give condensed information concerning all tests including dates. The records shall be maintained in a manner such that the date of the last test is readily determinable.

VII. RATES AND BILLING

1. Filing of Tariffs. Each utility shall file with the Commission its tariff schedules containing all tariff sheets in accordance with the procedure provided for in General Order 96.

2. Information on Bills. Each utility shall render a bill to each customer for each billing period. Bills for metered service shall show at least the reading of the meter at the end of the period for which the bill is rendered, the meter constant, if any, the number and kinds of units, and date of the current meter reading.

3. Adjustment of Bills for Meter Error.

   a. Fast Meters. When, upon test, a meter is found to be registering more than 2% fast, the utility shall refund to the customer the amount of the overcharge based on corrected meter readings for the period the meter was in use but not to exceed a period of six months.

   b. Slow Meters.

      (1) Commercial Service. When, upon test, a meter used for commercial (residential and business) service is found to be registering more than 25% slow, the utility may bill the customer for the amount of the undercharge based upon corrected meter readings for the period the meter was in service but not to exceed a period of three months.

      (2) Other Than Commercial Service. When, upon test, a meter used for other than commercial service, is found to be registering more than 5% slow, the utility may bill the customer for the amount of the undercharge based upon corrected meter readings for the period the meter was in service but not to exceed a period of three months.

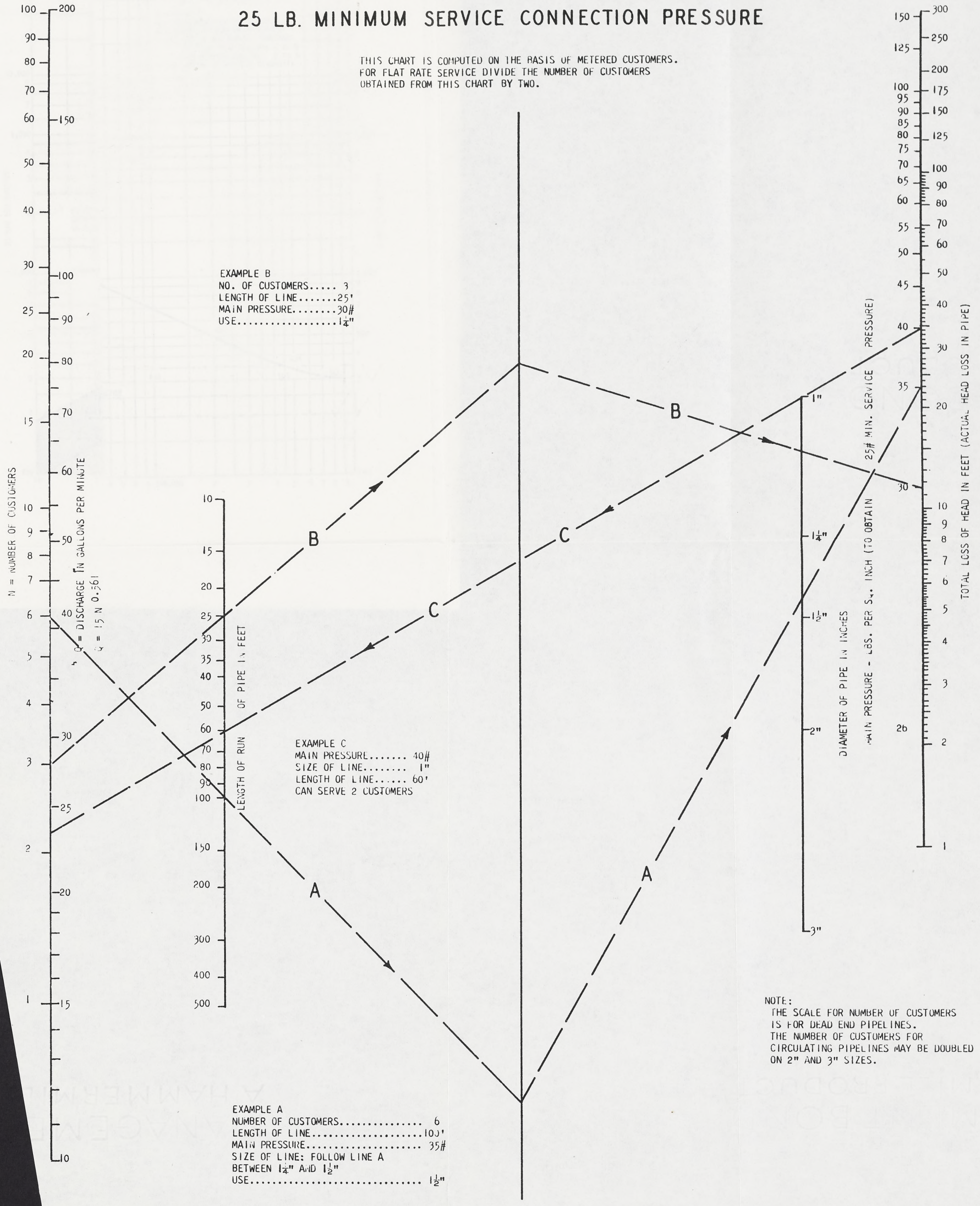
   c. Nonregistering Meters. The utility may bill the customer for water consumed while the meter was nonregistering, but not to exceed a period of three months, at the minimum monthly meter rate, or upon an estimate of the consumption based upon the customer's prior use during the same season of the year if conditions were unchanged, or upon an estimate based upon a reasonable comparison with the use of other customers during the same period receiving the same class of service under similar circumstances and conditions.

   d. General. When it is found that the error in a meter is due to some cause, the date of which can be fixed, the overcharge or the undercharge shall be computed back to but not beyond such date.

CHART I

PIPE SIZE DETERMINATION CHART
FOR
SINGLE PIPE RUNS FOR GIVEN LENGTH OF LINE AND NUMBER OF CUSTOMERS
25 LB. MINIMUM SERVICE CONNECTION PRESSURE

THIS CHART IS COMPUTED ON THE BASIS OF METERED CUSTOMERS.
FOR FLAT RATE SERVICE DIVIDE THE NUMBER OF CUSTOMERS
OBTAINED FROM THIS CHART BY TWO.


N = NUMBER OF CUSTOMERS
Q = DISCHARGE IN GALLONS PER MINUTE
Q = 15 N 0.561
LENGTH OF RUN OF PIPE IN FEET
TOTAL LOSS OF HEAD IN FEET (ACTUAL HEAD LOSS IN PIPE)
DIAMETER OF PIPE IN INCHES
MAIN PRESSURE - LBS. PER SQ. INCH (TO OBTAIN 25# MIN. SERVICE PRESSURE)
A
B
C
1"
1¼"
1½"
2"
3"

EXAMPLE B
NO. OF CUSTOMERS..... 3
LENGTH OF LINE.....25'
MAIN PRESSURE.....30#
USE.....1¼"

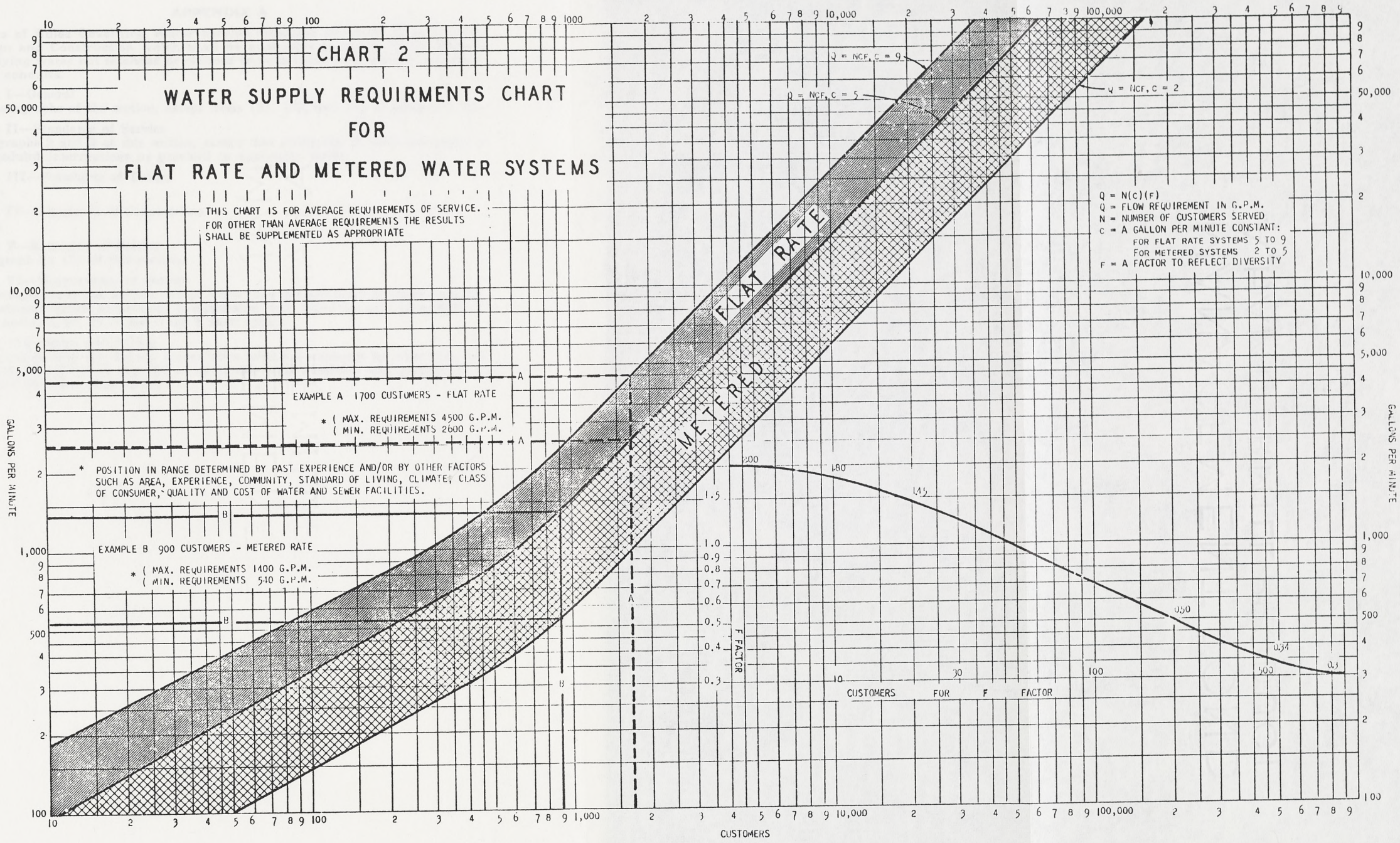
EXAMPLE C
MAIN PRESSURE..... 40#
SIZE OF LINE..... 1"
LENGTH OF LINE..... 60'
CAN SERVE 2 CUSTOMERS

EXAMPLE A
NUMBER OF CUSTOMERS..... 6
LENGTH OF LINE.....100'
MAIN PRESSURE..... 35#
SIZE OF LINE: FOLLOW LINE A
BETWEEN 1¼" AND 1½"
USE..... 1½"

NOTE:
THE SCALE FOR NUMBER OF CUSTOMERS
IS FOR DEAD END PIPELINES.
THE NUMBER OF CUSTOMERS FOR
CIRCULATING PIPELINES MAY BE DOUBLED
ON 2" AND 3" SIZES.

CHART 2

WATER SUPPLY REQUIRMENTS CHART FOR FLAT RATE AND METERED WATER SYSTEMS


THIS CHART IS FOR AVERAGE REQUIREMENTS OF SERVICE. FOR OTHER THAN AVERAGE REQUIREMENTS THE RESULTS SHALL BE SUPPLEMENTED AS APPROPRIATE
EXAMPLE A 1700 CUSTOMERS - FLAT RATE
* (MAX. REQUIREMENTS 4500 G.P.M.
(MIN. REQUIREMENTS 2600 G.P.M.
* POSITION IN RANGE DETERMINED BY PAST EXPERIENCE AND/OR BY OTHER FACTORS SUCH AS AREA, EXPERIENCE, COMMUNITY, STANDARD OF LIVING, CLIMATE, CLASS OF CONSUMER, QUALITY AND COST OF WATER AND SEWER FACILITIES.
EXAMPLE B 900 CUSTOMERS - METERED RATE
* (MAX. REQUIREMENTS 1400 G.P.M.
(MIN. REQUIREMENTS 540 G.P.M.
Q = NCF, C = 9
Q = NCF, C = 5
Q = NCF, C = 2
FLAT RATE
METERED
Q = N(c)(F)
Q = FLOW REQUIREMENT IN G.P.M.
N = NUMBER OF CUSTOMERS SERVED
c = A GALLON PER MINUTE CONSTANT:
FOR FLAT RATE SYSTEMS 5 TO 9
FOR METERED SYSTEMS 2 TO 5
F = A FACTOR TO REFLECT DIVERSITY
F FACTOR
CUSTOMERS FOR F FACTOR
CUSTOMERS
GALLONS PER MINUTE
GALLONS PER MINUTE

APPENDIX A

Sections of Rules Governing Water Service including Minimum Standards for Design and Construction which shall be applicable to utility water systems supplying water not intended or claimed to be potable from ditches, canals, or other conduits.

Section I—General
All paragraphs of the section, except items (2), (3), and (4) of paragraph 10a.

Section II—Standards of Service
Paragraphs 2 and 4 of this section, except that paragraph 2c shall not apply to scheduled interruptions as provided in applicable tariffs.

Section III—Standards of Design
None.

Section IV—Standards of Construction
None.

Section V—Extension of Service
Paragraph 2a (1) of this section.

Section VI—Measurement of Service
All paragraphs of the section, except when sales are measured by other than displacement meters as provided in applicable tariff schedules only paragraphs 1, 3a and e, 5, 6a, 7a, e and f and 8 shall apply.

Section VII—Rates and Billing
All paragraphs of the section, except when sales are measured by other than displacement meters as provided in applicable tariff schedules only paragraphs 1, 2 and 3c and d shall apply.

APPENDIX B

Specification for the Coating and Wrapping of Steel Water Pipe

1. *Scope.*

These specifications cover the material for the asphalt coating of steel water pipe by the double dip process and the wrapping of same with asbestos felt or fiberglass.

2. *Materials.*

Asphalt: Asphalt shall be Union Oil Company's "190 Pipe Dip", or an approved equivalent, and shall conform to the physical requirements set forth below. (Penetration and softening points shall meet the ASTM standard methods of test as specified under the specification Designations ASTM-D5-52 and ASTM-D36-26, respectively.)

Penetration at 115° F	0.75 cm max.
Penetration at 77° F	Not less than 0.27 cm
Penetration at 32° F	Not less than 0.20 cm
Softening point	Not less than 190° F
Flash point	Not less than 425° F
Ductility at 77° F	Not less than 2.0 cm
Solubility in CCl_4	Not less than 99.0%
Loss on heating (% by weight)	0.75 max.
Penetration after loss on heating	80% min.

3. *Wrapping, Asbestos Felt or Fiberglass.*

After completion of asphalt coating of pipe it shall be machine wrapped with asbestos felt or fiberglass. The wrapping shall be completely sealed and bonded onto the dipped pipe by use of a hot asphaltic coating composition. This asphalt seal coat shall also be applied between the overlaps of the wrapping. Special sections, such as tapers, elbows, and other fittings, may be wrapped by hand. The wrapping shall be applied in a spiral manner providing a minimum overlap of ½-inch. It shall be applied smoothly under suitable mechanical tension to give a good tight wrapping free from wrinkles, buckles, air pockets and tears. At each end of each section of pipe the wrapping shall be omitted for a sufficient distance to permit making the field joints. The minimum distance shall be such as to expose at least 1-inch of asphalt.

4. *Cleaning of Pipe.*

All metal surfaces to be coated shall be thoroughly cleaned of all loose mill scale, dirt, oil, grease, rust and other foreign matter.

5. *Transporting and Handling Coated Pipe.*

The coated pipe shall at all times be handled in such manner, and with such equipment, as will prevent any damage to the protective coating. In loading pipe for shipment, adequate blocking, cradles, braces and padding shall be used as necessary to properly support and secure the pipe and to prevent any abrasion or other damage to the coating in transit.

PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA
By: R. J. PAJALICH, Secretary

o

printed in CALIFORNIA STATE PRINTING OFFICE

59466 7-57 500 △

General Rules – apart of Tariff of S.B. Water Co.

_____ Cal. P.U.C. Sheet No._____

Canceling _____ Cal. P.U.C. Sheet No._____

Rule No. 15

MAIN EXTENSIONS

A. General Provisions

1. A bona fide customer as referred to in Sections B and C hereinafter shall be a customer of permanent and established character, exclusive of the real estate developer or builder, who receives water service at a premises improved with structures of a permanent nature.

2. Any facilities installed hereunder shall be the sole property of the utility.

3. The size, type, quality of materials, and their location will be specified by the utility and the actual construction will be done by the utility or by a constructing agency acceptable to it.

4. Adjustment of any difference between the estimated cost and the reasonable actual cost of any main extension made hereunder will be made within 60 days after the actual cost of the installation has been ascertained by the utility.

5. In case of disagreement or dispute regarding the application of any provision of this rule, or in circumstances where the application of this rule appears impracticable or unjust to either party, the utility, applicant or applicants may refer the matter to the Public Utilities Commission for settlement.

6. Revenue from fire hydrant service will be included in the computation of refunds under the percentage of revenue method in those cases where the cost of fire hydrants or services for fire hydrants is included in the amount of the advance.

7. Extensions for hydrant service, private fire protection service, and temporary service will not be made under this rule.

8. For the purposes of this rule, the estimated annual revenue for residential and business service will be the utility average annual revenue per residential and business customer for the prior calendar year, such average to be effective on April 1st and used until the following April 1st. For other classes of service the utility will estimate the annual revenue to be derived in each case.

9. The utility will not be required to make extensions where grades have not been brought to those established by public authority.

(To be inserted by utility) Issued by (To be inserted by Cal. P.U.C.)

Advice Letter No._____ _____ Date Filed_____

Name

Decision No._____ Effective_____

_____

Title

1-59 Resolution No._____

Rule No. 15

MAIN EXTENSIONS
(Continued)

A. General Provisions (Continued)

10. Where the property of the applicant or applicants is located adjacent to a street or highway exceeding 70 feet in width, or a freeway, waterway, or railroad right of way, the utility may elect to install a main extension on the same side thereof as the property of the applicant or applicants, and the estimated cost in such case will be based on such an extension.

11. Where an extension must comply with an ordinance, regulation, or specification of a public authority, the estimated cost of said extension shall be based upon the facilities required to comply therewith.

12. Contracts entered into under the percentage of revenue method of refund under this extension rule may be terminated any time after two years following completion of the extension upon the mutual agreement of the parties by payment to the individual, individuals or subdivider of the present worth of an annuity of equal annual payments of the unpaid balance of the advance calculated at 6% interest as of the termination date of the contract.

B. Extensions to Serve Individuals

1. The utility will extend its water distribution mains to serve new bona fide customers at its own expense, other than to serve subdivisions, tracts, housing projects, industrial developments or organized service districts, when the required total length of main extension from the nearest existing distribution main is not in excess of 65 feet per service connection. If the total length of main extension is in excess of 65 feet per service connection applied for, the applicant or applicants for such service shall be required to advance to the utility before construction is commenced that portion of the reasonable estimated cost of such extension over and above the estimated reasonable cost of 65 feet of the main extension per service connection, exclusive of the cost of service connections and meters and exclusive of any costs of increasing the size or capacity of the utility's existing mains or any other facilities used or necessary for supplying the proposed extension. Such estimated reasonable cost shall not be based upon the cost of a main in excess of 4 inches in diameter except where required by the special needs of

Rule No. 15

MAIN EXTENSIONS
(Continued)

B. Extensions to Serve Individuals (Continued)

the applicant or applicants. The money so advanced will be refunded by the utility without interest in payments equal to the reasonable actual cost of 65 feet of the main extension, for which advance was made for each additional service connection, exclusive of that of any customer formerly served at the same location. Refunds will be made within 180 days after the date of first service to a bona fide customer. No refunds will be made after a period of 10 years from the date of completion of the main extension and the total refund shall not exceed the amount advanced.

2. Where a group of five or more individual applicants request service from the same extension, or in unusual cases after obtaining Commission approval, the utility at its option may require that the individual or individuals advance the entire cost of the main extension as herein provided and the utility will refund this advance as provided in Section C 2 b of this rule.

3. In addition to refunds made on the basis of service connections attached directly to the extension for which the cost was advanced as provided in Section B 1 of this rule, refunds also will be made to the party or parties making the advances in those cases where additional bona fide customers are served by a subsequent main extension, either continuous or lateral, supplied from the original extension upon which an advance is still refundable, whenever the length of such further extension is less than 65 feet per service connection. Such additional refunds will equal the difference between the 65-foot allowance per service connection and the length of each required subsequent extension multiplied by the average cost per foot of the extension used as the basis for determining the amount advanced. In those cases where subsequent customers are served through a series of such main extensions, refunds will be made to the party or parties making the advances in chronological order beginning with the first of the extensions in the series from the original point of supply, until the amount advanced by any party is fully repaid within the period of 10 years as specified above. In those cases where two or more customers have made a joint advance on the same extension, refunds will be made in the same proportion that each

Rule No. 15

MAIN EXTENSIONS
(Continued)

B. Extensions to Serve Individuals (Continued)

advance bears to the total of said joint advance. Where the utility installs a main larger than that for which the cost was advanced to serve an individual or individuals, and a subsequent extension is supplied from such main, the original individual or individuals will not be entitled to refunds which might otherwise accrue from subsequent extensions.

C. Extensions to Serve Subdivisions, Tracts, Housing Projects, Industrial Developments or Organized Service Districts

1. An applicant for a main extension to serve a new subdivision, tract, housing project, industrial development or organized service district shall be required to advance to the utility before construction is commenced the estimated reasonable cost of installation of the mains, from the nearest existing main at least equal in size to the main required to serve such development, including necessary service stubs or service pipelines, fittings, gates and housings therefor, and including fire hydrants when requested by the applicant or required by public authority, exclusive of meters. If additional facilities are required specifically to provide pressure or storage exclusively for the service requested, the cost of such facilities may be included in the advance upon approval by the Commission.

2. The money so advanced will be subject to refund by the utility without interest to the party or parties entitled thereto. The total amount so refunded shall not exceed the amount advanced. Refunds may be made under either of the following methods at the option of the utility:

a. Proportionate Cost Method

For each service connection directly connected to the extension, exclusive of that of any customer formerly served at the same location, the utility will refund within 180 days after the date of first service to a bona fide customer that portion of the total amount of the advance which is determined from the ratio of 65 feet of main to the total footage of main in the extension for which the cost was advanced. No refunds

Rule No. 15

MAIN EXTENSIONS
(Continued)

C. Extensions to Serve Subdivisions, Tracts, Housing Projects, Industrial Developments or Organized Service Districts (Continued)

will be made after a period of 10 years from the date of completion of the main extension.

b. Percentage of Revenue Method

The utility will refund 22% of the estimated annual revenue from each bona fide customer, exclusive of any customer formerly served at the same location, connected directly to the extension for which the cost was advanced. The refunds will, at the election of the utility, be made in annual, semiannual or quarterly payments and for a period of 20 years.

COMR. FOX

R. J. PAJALICH

COPY

BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF CALIFORNIA

FILED
PUBLIC UTILITIES COMMISSION
STATE OF CALIFORNIA
SEP 6 1957
SAN FRANCISCO OFFICE

In the Matter of the Application of STINSON BEACH WATER COMPANY, a corporation, for an increase in rates.

Application No. 39391

Pencil notes by [illegible]

APPLICATION

The application of STINSON BEACH WATER COMPANY, a corporation, respectfully shows and your applicant avers that:

I.

Applicant is a California corporation with its postoffice address and principal place of business at 11425 Mora Drive, Los Altos, California; a certified copy of the articles of incorporation of applicant, as amended, was filed on May 2, 1957, in connection with Application No. 39028.

II.

Correspondence or communications in regard to this application are to be addressed to Vaughan, Paul & Lyons, 1418 Mills Tower, San Francisco 4, California, attorneys for applicant.

III.

Applicant is engaged in business as a public utility water corporation under the jurisdiction and control of the Commission at Stinson Beach, Marin County, California. The latest available financial statement of applicant, including balance sheet as of December 31, 1956 and profit and loss statement for the year 1956, is attached hereto as Exhibit "A". Sheets 1 thr

IV.

The rates presently charged by applicant for water service are contained in its Rates, Rules and Regulations on file with the Commission. These rates were filed pursuant to authorization granted by Decision No. 41298 dated March 9, 1948, and applicant has received no increase in rates since that time.

Pursuant to Section 454 of the Public Utilities Code of the State of California, applicant requests authorization to increase its rates as shown in Exhibit "B" hereto attached.

V.

The present rates of applicant do not yield revenues sufficient in amounts to allow applicant to conduct its business at a reasonable profit. In order to obtain the necessary revenue to enable applicant to continue in business and to render adequate and efficient service to the public, applicant will require the increased rates set forth in Exhibit "B".

VI.

The properties operated by applicant are generally described in the annual reports of applicant on file with the Commission. The original cost of the facilities owned by applicant, as well as the depreciation reserve applicable thereto are shown in Exhibit "A". A study showing a summary of earnings of applicant, under present and proposed rates for the test year ending June 30, 1957 is attached hereto as Exhibit "C". Said Exhibit "C" contains a rate of return summary.

8 sheets

VII.

Pursuant to Rule 24 of the Rules of Practice and Procedure of the Commission, a copy of this application has been mailed to the following parties:

Division of Beaches and Parks
Department of Natural Resources
Room 654
721 Capitol Avenue
Sacramento, California.

Board of Supervisors,
Marin County
San Rafael, California.

Applicant will serve a copy upon any additional parties required by the Commission.

WHEREFORE, applicant asks that the Public Utilities Commission of the State of California make its order authorizing applicant to increase its rates as herein requested.

Dated at San Francisco, California, this 6th day of September, 1957.

STINSON BEACH WATER COMPANY

By: GEO. P. LEONARD,
Its President.

VAUGHAN, PAUL & LYONS

1418 Mills Tower
San Francisco 4, California

Attorneys for Applicant

STATE OF CALIFORNIA)
) ss.
CITY AND COUNTY OF SAN FRANCISCO)

GEO. P. LEONARD, being first duly sworn, deposes and says:

That he is President of Stinson Beach Water Company, applicant in the foregoing application; that he is authorized to sign and verify the foregoing application on behalf of applicant; that he has read the foregoing application and knows the contents thereof; that the same is true of his own knowledge except as to matters stated therein on information or belief, and as to those matters he believes it to be true.

GEO. P. LEONARD

Subscribed and sworn to before me
this 6th day of September, 1957.

EDMOND LEE KELLY

Notary Public in and for the City
and County of San Francisco,
State of California.

STINSON BEACH WATER COMPANY

BALANCE SHEET

December 31, 1956

ASSETS

Current Assets		
Cash	$ 847.07	
Accounts Receivable	2,588.04	
Total Current Assets		$ 3,435.11
Fixed Assets		
Utility Plant	38,433.05	
(Less reserve for depreciation)	21,653.45	
		16,779.60
Total Assets		$20,214.71

LIABILITIES

Capital Stock	$ 3,200.00
Earned Surplus	17,014.71
Total Liabilities and Capital	$20,214.71

EXHIBIT "A"

STINSON BEACH WATER COMPANY

INCOME STATEMENT FOR

YEAR 1956

Operating Revenues (Nothing for Sewer plus Water for Irrigation)		$ 8,102.60
Operating Revenue Deductions		
Operating Expenses	$ 6,317.99	
Depreciation	1,419.86	
Taxes	935.90	
Total Operating Revenue Deductions		8,673.75
Utility Operating Income (Loss)		($ 571.15)

Checked from 1956 report by Erostus H Green

EXHIBIT "A"

Decision 25480

STINSON BEACH WATER COMPANY

PROPOSED RATES

SCHEDULE NO. 1

MONTHLY METER RATES

APPLICABILITY:

Applicable to all water service rendered on a metered basis to bona fide permanent residents.

TERRITORY:

The area presently served by Stinson Beach Water Company in the vicinity of Stinson Beach.

RATES:

Applicable only to water users who are permanent residents or operators of permanent and established commercial businesses or enterprises and who have taken continuous service for a period of 12 consecutive months:

N.B. Why not continue charging of old minimum 1000 cu ft minimum { would eliminate meter reading + special billing for 5 months }

Monthly Quantity Charges:	Per Meter Per Month
First 500 cubic feet or less	$ 4.00
Next 1000 cubic feet, per 100 cubic feet	.50
Next 1000 cubic feet, per 100 cubic feet	.40
~~Over~~ 2500 cubic feet, per 100 cubic feet	.30

N.B. Did Service ever tell any consumer that if they did not take their water from S.B.W.C. Such consumer would be denied any service. (Develops discrimination Policy)

EXHIBIT "B"

STINSON BEACH WATER COMPANY

Proposed

SCHEDULE NO. 2

SUMMER AND VACATION CONSUMERS

METER RATES

ANNUAL CHARGE FOR CALENDAR YEAR

APPLICABILITY:

Applicable to all water service rendered on a metered basis to non-permanent summer and intermittent residents or commercial enterprises.

TERRITORY:

The area presently served by Stinson Beach Water Company in the vicinity of Stinson Beach.

RATES:

Minimum Annual Charge:

Payable in advance, entitling the customer to 500 (or 1000) cubic feet of water each month during the calendar year - $48.00.

for billing.

For all water used in excess of 500 cubic feet per month, charges shall be the same as provided for under Schedule No. 1, during the respective periods of use.

EXHIBIT "B"

STINSON BEACH WATER COMPANY

SCHEDULE NO. 3

Proposed FLAT RATES

APPLICABILITY:

Applicable to all water service rendered on a flat rate basis.

TERRITORY:

The area presently served by Stinson Beach Water Company in the vicinity of Stinson Beach.

RATES:

Annual charge, payable in advance for water service rendered each residence or commercial establishment - - - - - - $51.60.

EXHIBIT "B"

STINSON BEACH WATER COMPANY

Suggested Hydrant Rates

SCHEDULE NO. 4

Proposed

FIRE HYDRANT RATES

	Per Month
Fire Hydrants on mains less than 3" inside diameter	$ 1.00 X
Fire Hydrants on mains 3" inside diameter	$ 1.50 X
Fire Hydrants on mains 4" inside diameter	$ 2.50 X
Fire Hydrants on mains larger than 4" inside diameter	$ 3.50 X

Hydrants to be installed by Utility. Location, size, and number of fire hydrants subject to agreement by and between Utility and Fire District, and private individuals where fire protection is requested.

Mains are defined as size of connected pipe within 16 feet horizontally from hydrant location. No runner or riser to be less than 2½ inches inside diameter.

EXHIBIT "B"

STINSON BEACH WATER COMPANY

Summary of Financial Results

For the 12 months test period ended June 30, 1957

	At Current Rates	At Proposed Rates
Revenues (See Schedules "A" and 12/31/56 Financial Statement)		
A. Metered Sales (See Schedule B)		$ 7,068.40
B. Flat Rate Sales (226 Customers)		11,661.60
C. Fire Hydrant Revenue		402.00
D. Miscellaneous Revenue (Estimated)		50.00
Total Revenue	$ 8,102.60	19,182.00
Less Expenses (See Schedule "B")	15,213.90	15,213.90
Net Revenue (Loss)	(7,111.30)	3,968.10
Less Income Tax 32.8%	--	1,399.94
Balance (Loss)	(7,111.30)	2,568.16
Rate Base		
a. Net Plant at Beginning of Year (See Schedule)	16,779.60	16,779.60
b. Chlorinating Equipment	2,600.00	2,600.00
c. Power to Chlorinating Equipment	78.00	78.00
d. Jeep	2,236.00	2,236.00
e. Black Rock Tanks	5,831.05	5,831.05
f. Reallocated Capital (Estimated)	500.00	500.00
g. Inventory (Averaged)	500.00	500.00
h. Working Capital	2,500.00	2,500.00
Total Rate Base	$31,024.65	$31,024.65
Indicated Rate of Return (Loss)	(22.9%)	8.28%

EXHIBIT "C"

STINSON BEACH WATER COMPANY

Suggested Rates

SCHEDULE "A"

		Number Customers	Monthly Rate	Annual Rate	Annual Income
A.	Flat Rate Customers	226	$ 4.30	$51.60	$11,661.60
B.	Metered Customers	94	(See Schedule "E")		7,068.40
	First 500 cu.ft.		$4.00 month		
	Next 1000 cu.ft.		.50 100 cu.ft.		
	Next 1000 cu.ft.		.40 " " "		
	Over 2500 cu.ft.		.30 " " "		
C.	Fire Protection Service				402.00
	On Lines less than 3" Inside Diameter		$1.00 month		
	On Lines 3" in Diameter		1.50 "		
	On Lines 4" " "		2.50 "		
	On Lines over 4" in Diameter		3.50		
	(Double Existing Rates - Billed at $201.00 for 1956-57)				
D.	Miscellaneous Income				50.00
	Total Anticipated Income				$19,182.00

EXHIBIT "C"

STINSON BEACH WATER COMPANY

Annual Operating Expenses

SCHEDULE "B"

1.	Source of Water Supply Expenses		
	a. Labor (25% of Superintendent's Salary for inspection cleanout and maintenance of Intakes.)	$ 900.00	
	b. Repairs (Estimated cost of materials, supplies & parts for maintenance)	150.00	
	c. 25% of Jeep operation expense (See Schedule "D")	146.25	
			$1,196.25
2.	Purchased Water		
	a. Black Rock Canyon (See Schedule "C")	350.00	
	b. Las Baulines Ranch (See Schedule "C")	888.36	
			1,238.36
3.	Water Treatment Expense		
	a. Labor (25% of Superintendent's Salary)	900.00	
	b. 25% of cost of Jeep operation	146.25	
	c. Chlorine Estimated $10.00 Mo.	120.00	
	d. Repairs & Maintenance Chlorinating Equipment (Estimated)	150.00	
	e. Power for Chlorinating Equipment	70.00	
			1,386.25

EXHIBIT "C"

STINSON BEACH WATER COMPANY

Annual Operating Expenses

SCHEDULE "B" (Continued)

4.	Transmission & Distribution Expenses		
	a. 50% of Jeep Operation	$ 292.50	
	b. 50% of Superintendent's Salary	1,800.00	
	c. Miscellaneous Labor (Estimated) (1956 - $214.44)	300.00	
	d. Repairs and Supplies (1956 - $388.60)	500.00	
	e. Shop - Garage and Yard Rent 5/8 in rent base	600.00	
			$3,492.50
5.	Customer Accounting & Collecting Expenses		
	a. Salary	900.00	
	b. Uncollectible Accounts	160.00	
	c. Advertising and Public Relations How much was spent?	150.00	
	d. Stamps and Mailing	75.00	
	e. Miscellaneous Labor	50.00	
		3840 1,335.00	.345 .35
6.	General Expenses		
	a. Salary of President & General Mgr.	1,800.00	900
	b. Preparation of Tax Return and P.U.C. Reports	150.00	150
	c. Engineering ($750.00 for 5 years)	150.00	
	d. Legal ($1250.00 for 5 years) What portion for Legal (Individual)	250.00	250
	e. Telephone (Local & Long Distance) To	120.00	50
	f. Stationery & Forms High	75.00	35
			485
			460
			945
			900
			1845

were these actually paid

EXHIBIT "C"

STINSON BEACH WATER COMPANY

Annual Operating Expenses

SCHEDULE "B" (Continued)

General Expenses (Cont'd)

g.	Stamps (Besides Customer Collection)		25.00	
h.	Travel		50.00	
i.	Insurance			
	1. Public Liability	$ 50.00		
	2. Compensation	200.00		
	3. Product Liability	100.00		
	4. Miscellaneous	100.00	450.00	$ 3,070.00

7. Depreciation

		Value	Depreciation	
1.	Plant at beginning of 1957	16,779.60	1,425.00	
2.	Chlorinating Equipment	2,600.00	150.00	
3.	Jeep	2,236.00	400.00	
4.	Black Rock Tanks	5,831.05	233.24	
5.	Power Line Ext.	78.00	7.80	
6.	Subdivision #2	8,709.60	260.00	
7.	Reallocations to Capital from prior expense estimated	500.00	15.00	
8.	Inventory	500.00	15.00	
			2,506.04	2,506.04

8. Taxes

a.	Property Taxes ($ 1956 = $636.70)	750.00	
b.	Social Security	214.50	
c.	Corporate Franchise	25.00	
			989.50

TOTAL EXPENSES $15,213.90

EXHIBIT "C"

STINSON BEACH WATER COMPANY

Estimated Cost of Purchased Water

SCHEDULE "C"

	93 Meter	226 Flat Rate (Estimated)	Totals 12/1 to 4/30	Totals 5/1 to 11/30
January (Schedule "E")	66,117	45,200	111,317	
February	66,117	45,200	111,317	
March	66,117	45,200	111,317	
April	66,117	45,200	111,317	
May	66,117	90,400		156,517
June	123,535	90,400		213,935
July (Schedule "E")	123,535	90,400		213,935
August	123,535	90,400		213,935
September	123,535	90,400		213,935
October	66,117	90,400		156,517
November	66,117	45,200		111,317
December	66,117	45,200	111,317	
	1,023,076		556,585	1,280,091

12/1 to 4/30	556,585 Cu.Ft.	x $ .05 - 100 Cu.Ft.	=	$ 278.29
5/1 to 11/30	1,280,091 " "	x .075 - 100 " "	=	960.07
Total Purchased Water				$ 1,238.36
Black Rock Source Minimum				350.00
50% Las Baulines Ranch Cost/use 75 cent. or 1,100,000 feet				$ 888.36

EXHIBIT "C"

STINSON BEACH WATER COMPANY

Automotive Expenses

SCHEDULE "D"

Estimated 8000 miles per annum

1.	Gas - Oil - Grease and Repairs and Tires 5¢ per mile for 8,000 miles	$ 400.00
2.	Annual License	55.00
3.	Insurance ($108.93 in current policy but coverage will be increased)	130.00
		$ 585.00

Charge 25% $146.25 to
Source of Water Supply

Charge 25% $146.25 to
Water Treatment Expense

Charge 50% $292.50 to
Transmission and Distribution
Expense

STINSON BEACH WATER COMPANY

Schedule of Utility Plant

SCHEDULE "E"

Intangible Plant	$ 452.50
Landed Capital	2,552.29
Source of Supply Plant	187.50
Reservoirs	865.10
Transmission & Distribution Mains	12,599.46
Services	572.15
Meters	425.03
Office Furniture & Equipment	103.88
Transportation Equipment	300.00
Other General Equipment	20,375.14
Total	38,433.05
Less Accumulated Reserve for Depreciation	21,653.45
Total as of 1-1-57	$16,779.60

EXHIBIT "C"

Duplicate

BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF CALIFORNIA

FILED
PUBLIC UTILITIES COMMISSION
STATE OF CALIFORNIA

SEP 12 1957

SAN FRANCISCO OFFICE

In the Matter of the Application of STINSON BEACH WATER COMPANY, a corporation, for an increase in rates.	Application No. 39391

AMENDMENT TO APPLICATION

The application of STINSON BEACH WATER COMPANY, a corporation, is hereby amended, as follows:

I.

Paragraph IV, on page 2, is hereby amended to read:

"IV.

The rates presently charged by applicant for water service are shown on pages 5 and 6 of Exhibit "B" hereto attached. These rates were filed pursuant to authorization granted by Decision No. 41298 dated March 9, 1948.

Pursuant to Section 454 of the Public Utilities Code of the State of California, applicant requests authorization to increase its rates as shown on pages 1 through 4 of Exhibit "B" hereto attached."

II.

Exhibit "B" is amended by adding thereto pages numbered 5 and 6, copies of which pages are attached hereto as Exhibit "1".

III.

A copy of this Amendment to Application has been mailed to each party listed in paragraph VII of the application.

Dated at San Francisco this 11th day of September, 1957.

STINSON BEACH WATER COMPANY

By: JOHN G. LYONS
One of its Attorneys

VAUGHAN, PAUL & LYONS

1418 Mills Tower
San Francisco 4, California

Attorneys for Applicant

STATE OF CALIFORNIA)
) ss.
City and County of San Francisco)

JOHN G. LYONS, being first duly sworn, deposes and says:

That he is an attorney for Stinson Beach Water Company, applicant in the foregoing Application; that he is signing and verifying the foregoing Amendment to Application for the reason that all of the officers of applicant are absent from the City and County of San Francisco where affiant maintains his office; that he has read the foregoing Amendment to Application and knows the contents thereof; that the same is true of his own knowledge, except as to matters which are therein stated on information or belief, and as to those matters he believes it to be true.

JOHN G. LYONS

Subscribed and sworn to before me
this 11th day of September, 1957.

EDMOND LEE KELLY (SEAL)

NOTARY PUBLIC
In and for the City and County of
San Francisco, State of California.

STINSON BEACH WATER COMPANY

Summary of Present Rates

September 11, 1957

I Monthly Meter Rates

(a) For the period from May 1 to November 30

Monthly Quantity Charges	Per Meter Per Month	
First 500 cubic feet or less	$1.75	175
Next 1,000 cubic feet, per 100 cubic feet	.30	300
Next 1,000 cubic feet, per 100 cubic feet	.25	475 250
Over 2,500 cubic feet, per 100 cubic feet	.40	7.25

(b) For period from December 1 to April 30

First 1,000 cubic feet or less	$1.75
Next 1,500 cubic feet, per 100 cubic feet	.15
Over 2,500 cubic feet, per 100 cubic feet	.10

II Summer and Vacation Consumers - Meter rates

Annual Charge for Calendar Year

EXHIBIT "B"

(5)

EXHIBIT "1"

(1)

Minimum Annual Charge:

Payable in advance, entitling the customer to 500 cubic feet of water each month during the calendar year $21.00

For all water used in excess of 500 cubic feet per month, charges will be the same as provided for under I, during the respective periods of use.

III Flat Rates

Annual charge, payable in advance for water service rendered each residence or commercial establishment . . . $24.00

IV Fire Hydrant Rates

	Per Month
Fire hydrants on mains less than 3" inside diameter	$ .50
Fire hydrants on mains 3" inside diameter	.75
Fire hydrants on mains 4" inside diameter	1.25
Fire hydrants on mains larger than 4" inside diameter	1.75

BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF CALIFORNIA

In the Matter of the Application of STINSON BEACH WATER COMPANY, a corporation, for an increase in rates.	Application No. 39391 Filed Feb. 6, 1958

SECOND AMENDMENT TO APPLICATION

The application of STINSON BEACH WATER COMPANY, a corporation, is hereby further amended, as follows:

I

On page (1) of Exhibit "B" attached to the application, the words:

"First 500 cubic feet or less . . . . . $4.00"

are hereby amended to read:

"First 500 cubic feet or less . . . . . $4.30"

II

On page (2) of Exhibit "B" the figure: "$48.00"

is hereby amended to read: . . . . . "$51.60"

III

Paragraph VI, on page 2 of the application, is hereby amended to read:

"VI

The properties operated by applicant are generally described in the annual reports of applicant on file with the Commission. The original cost of the facilities owned by applicant, as well as the depreciation reserve applicable thereto are shown in Exhibit "A". A study showing a summary of earnings of applicant, under present and proposed rates for the test year

ending June 30, 1957 is attached hereto as Exhibit "C-1". Said Exhibit "C-1" contains a rate of return summary."

IV

Exhibit "C" attached to the application is hereby superseded by Exhibit "C-1" hereto attached.

V

A copy of this Second Amendment to Application has been mailed to each party listed in paragraph VII of the application.

Dated at San Francisco this 18th day of February, 1958.

STINSON BEACH WATER COMPANY

By: JOHN G. LYONS
One of its Attorneys

VAUGHAN, PAUL & LYONS

1418 Mills Tower
San Francisco 4, California

Attorneys for Applicant

STATE OF CALIFORNIA)
) ss.
City and County of San Francisco)

JOHN G. LYONS, being first duly sworn, deposes and says:

That he is an attorney for Stinson Beach Water Company, applicant in the foregoing Application; that he is signing and verifying the foregoing Second Amendment to Application for the reason that all of the officers of applicant are absent from the City and County of San Francisco where affiant maintains his office; that he has read the foregoing Second Amendment to Application and knows the contents thereof; that the same is true of his own knowledge, except as to matters which are therein stated on information or belief, and as to those matters he believes it to be true.

JOHN G. LYONS

Subscribed and sworn to before me
this 18th day of February, 1958.

EDMOND LEE KELLY (SEAL)

NOTARY PUBLIC
In and for the City and County of
San Francisco, State of California.

STINSON BEACH WATER COMPANY

Summary of Financial Results

For the 12 months test period ended June 30, 1957

	At Current Rates	At Proposed Rates
Revenues (See Schedules "A" and 12/31/56 Financial Statement)		
A. Metered Sales		$ 7,406.80
B. Flat Rate Sales (226 Customers)		11,661.60
C. Fire Hydrant Revenue (1956 x 2)		402.00
D. Miscellaneous Revenue (Estimated)		50.00
Total Revenue	$ 8,102.60	19,520.40
Less Expenses (See Schedule "B")	16,232.90	16,232.90
Net Revenue (Loss)	(8,130.30)	3,287.50
Less Income Tax 32.8%	--	1,078.30
Balance (Loss)	(8,130.30)	2,209.20
Rate Base		
a. Net Plant at Beginning of Year (See Schedule)	16,779.60	16,779.60
b. Chlorinating Equipment	2,600.00	2,600.00
c. Power to Chlorinating Equipment	78.00	78.00
d. Jeep	2,236.00	2,236.00
e. Black Rock Tanks	5,831.05	5,831.05
f. Meters for Stinson & Highland Tanks	916.55	916.55
g. Reallocations to Capital from prior expenses (Estimated)	500.00	500.00
h. Capital Improvements 1957	750.00	750.00
i. Inventory	500.00	500.00
j. Working Capital	2,500.00	2,500.00
Total Rate Base	32,691.20	32,691.20
Indicated Rate of Return		6.76%

EXHIBIT "C-1"

STINSON BEACH WATER COMPANY

SCHEDULE "A"

Revenues under proposed rates for test year ending June 30, 1957

		Number Customers	Monthly Rate	Annual Rate	Annual Income
A.	Flat Rate Customers	226	$4.30	$51.60	$11,661.60
					7 068,40
B.	Metered Customers	94			7,406.80
		220			
	First 500 cu. ft.		$4.30 month		
	Next 1000 cu. ft.		.50 - 100 cu. ft.		
	Next 1000 cu. ft.		.40 - 100 cu. ft.		
	Over 2500 cu. ft.		.30 - 100 cu. ft.		
C.	Fire Protection Service				402.00
	On Lines less than 3" inside diameter		$1.00		
	On Lines 3" in diameter		1.50		
	On Lines 4" in diameter		2.50		
	On Lines over 4" in diameter		3.50		
	(Double Existing Rates Billed at $201.00 for 1956-57)				
D.	Miscellaneous Income				50.00
	Total Anticipated Income				$19,520.40
					19,182.00

EXHIBIT "C-1"

STINSON BEACH WATER COMPANY

SCHEDULE "B"

Annual Operating Expenses

1.	Source of Water Supply Expenses		
	a. Labor (25% of Superintendent's Salary for inspection, cleanout and maintenance of Intakes.)	$ 900.00	
	b. Repairs (Estimated cost of materials, supplies and parts for maintenance.)	150.00	
	c. 25% of Jeep Operation Expense (See Schedule "D")	146.25	
			$1,196.25
2.	Purchased Water Costs		
	a. Black Rock Canyon (See Schedule "C")	350.00	
	b. Las Baulines Ranch (See Schedule "C")	1,269.66	
			1,619.66
3.	Water Treatment Expenses		
	a. Labor (25% of Superintendent's Salary)	900.00	
	b. 25% of Jeep Operating Expenses	146.25	
	c. Chlorine (Estimated at $16.50 per month)	198.00	
	d. Repairs and Maintenance Chlorinating Equipment (Estimated)	150.00	
	e. Power for Chlorinating Equipment	66.00	
			1,460.25

STINSON BEACH WATER COMPANY

SCHEDULE "B" (Continued)

Annual Operating Expenses

4.	Transmission & Distribution Expenses		
	a. Labor - 50% of Superintendent's Salary		$1,800.00
	Miscellaneous Labor Estimated		300.00
	b. Jeep Operation (50% of cost)		292.50
	c. Repairs and Supplies		500.00
	d. Shop, Garage and Yard Rent $50.00 per month		600.00
	e. Painting of Tanks (Cost of $400.00 spread on 5 year basis)		80.00
			$3,572.50
5.	Customer Accounting and Collection		
	a. Salary ($75.00 per month)		900.00
	b. Uncollectible Accounts	@ 1%	160.00
	c. Advertising and Public Relations		150.00
	d. Stamps and Mailing		75.00
	e. Miscellaneous		50.00
			1,335.00
6.	General Expenses		
	a. Salary of President & General Mgr. ($150.00 per month)		1,800.00
	b. Preparation of Tax Return and P.U.C. Reports		150.00
	c. Engineering and Legal ($2500.00 for 5 years)		500.00
	d. Telephone (Local and Long Distance)		120.00
	e. Stationery and Forms		75.00
	f. Stamps (Besides Customer Collection)		25.00

EXHIBIT "C-1"

STINSON BEACH WATER COMPANY

SCHEDULE "B" (Continued)

Annual Operating Expenses

General Expenses (Cont'd)

g.	Travel		150.00	50.00
h.	Insurance			
	1. Comprehensive General Liability	$128.47		
	2. Compensation Insurance	200.00		
	3. Excess Coverage	25.00		
	4. Equipment Floater (3 years $661.64)	220.54	450.00	
	5. Miscellaneous	50.00	624.01	$3,444.01

7. Depreciation

		Value	Depreciation	
a.	Plant at Beginning of 1957 (See Schedule "E")	$16,779.60	$1,425.00	
b.	Chlorinating Equipment	2,600.00	173.33	
c.	Jeep	2,236.00	400.00	
d.	Black Rock Tanks	5,831.05	233.24	
e.	Power Line Extension	78.00	7.80	
f.	Reallocations to Capital from prior expenses estimated	500.00	15.00	
g.	Meters for Stinson and Highland Tanks	916.55	45.83	
h.	Capital Improvements 1957	1,000.00	40.00	
i.	Inventory	500.00	15.00	
j.	Subdivision #2 Seadrift	8,709.60	260.00	
			2,615.20	2,615.20

8. Taxes

a.	Property Taxes (1956 $636.70)		750.00
b.	Social Security		214.50
c.	Corporate Franchise		25.00
			989.50

TOTAL EXPENSES $16,232.37

STINSON BEACH WATER COMPANY

SCHEDULE "C"

Estimated Cost of Purchased Water

Why no records from meter +

	93 Meters (Cubic Feet)	226 Flat Rate (Cubic Feet) (Estimated)	Totals 12/1 to 4/30	Totals 5/1 to 11/30
January	66,117	80,000	146,117	
February	66,117	80,000	146,117	
March	66,117	80,000	146,117	
April	66,117	80,000	146,117	
May	66,117	150,000		216,117
June	123,535	150,000		273,535
July	123,535	150,000		273,535
August	123,535	150,000		273,535
September	123,535	150,000		273,535
October	66,117	150,000		216,117
November	66,117	80,000		146,117
December	66,117	80,000	146,117	
	1,023,076	1,380,000	730,585	1,672,491

Annually 1957 58

730,585 + 654,800 + 668,860

2,008,200 - 1,646,860

12/1 to 4/30 730,585 Cu.Ft. x $ .05 per 100 Cu.Ft. = $ 365.29

5/1 to 11/30 1,672,491 Cu.Ft. x .075 " 100 Cu.Ft. = 1,254.37

Total Purchased Water 1,619.66

Black Rock Source Minimum 350.00

Las Baulines Ranch $1,269.66

Check with Commission

Do you infer from conversation advised you as to rates to be applicable to stinson Beach

Arend Water Co x

Irrigation — not economically

None

Terminations + now Running

EXHIBIT "C-1"

STINSON BEACH WATER COMPANY

Automotive Expenses

SCHEDULE "D"

Estimated 8000 miles per annum

1.	Gas - Oil - Grease and Repairs and Tires 5¢ per mile	$ 400.00
2.	Annual License	55.00
3.	Insurance ($108.93 in current policy but coverage will be increased)	130.00
		$ 585.00

275.
370

Charge 25% $146.25 to Source of Water Supply

Charge 25% $146.25 to Water Treatment Expense

Charge 50% $292.50 to Transmission and Distribution Expense

EXHIBIT "C-1"

STINSON BEACH WATER COMPANY

Schedule of Utility Plant

SCHEDULE "E"

Intangible Plant	$ 452.50
Landed Capital	2,552.29
Source of Supply Plant	187.50
Reservoirs	865.10
Transmission & Distribution Mains	12,599.46
Services	572.15
Meters	425.03
Office Furniture & Equipment	103.88
Transportation Equipment	300.00
Other General Equipment	20,375.14
Total	38,433.05
Less Accumulated Reserve for Depreciation	21,653.45
Total as of 1-1-57	$ 16,779.60

Page does not include land ~~actually included~~ $13,000

EXHIBIT "C-1"

BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF CALIFORNIA

In the Matter of the Application of STINSON BEACH WATER COMPANY, a corporation, for an increase in rates.	Filed Sept 12, 1957 Application No. 39391

AMENDMENT TO APPLICATION

The application of STINSON BEACH WATER COMPANY, a corporation, is hereby amended, as follows:

I.

Paragraph IV, on page 2, is hereby amended to read:

"IV.

The rates presently charged by applicant for water service are shown on pages 5 and 6 of Exhibit "B" hereto attached. These rates were filed pursuant to authorization granted by Decision No. 41298 dated March 9, 1948.

Pursuant to Section 454 of the Public Utilities Code of the State of California, applicant requests authorization to increase its rates as shown on pages 1 through 4 of Exhibit "B" hereto attached."

II.

Exhibit "B" is amended by adding thereto pages numbered 5 and 6, copies of which pages are attached hereto as Exhibit "1".

III.

A copy of this Amendment to Application has been mailed to each party listed in paragraph VII of the application.

Dated at San Francisco this 11th day of September, 1957.

STINSON BEACH WATER COMPANY

By: JOHN G. LYONS
One of its Attorneys

VAUGHAN, PAUL & LYONS

1418 Mills Tower
San Francisco 4, California

Attorneys for Applicant

STATE OF CALIFORNIA)
) ss.
City and County of San Francisco)

JOHN G. LYONS, being first duly sworn, deposes and says:

That he is an attorney for Stinson Beach Water Company, applicant in the foregoing Application; that he is signing and verifying the foregoing Amendment to Application for the reason that all of the officers of applicant are absent from the City and County of San Francisco where affiant maintains his office; that he has read the foregoing Amendment to Application and knows the contents thereof; that the same is true of his own knowledge, except as to matters which are therein stated on information or belief, and as to those matters he believes it to be true.

JOHN G. LYONS

Subscribed and sworn to before me
this 11th day of September, 1957.

EDMOND LEE KELLY (SEAL)

NOTARY PUBLIC
In and for the City and County of
San Francisco, State of California.

STINSON BEACH WATER COMPANY

Summary of Present Rates

September 11, 1957

I Monthly Meter Rates

(a) For the period from May 1 to November 30

Monthly Quantity Charges	Per Meter Per Month
First 500 cubic feet or less	$1.75
Next 1,000 cubic feet, per 100 cubic feet	.30
Next 1,000 cubic feet, per 100 cubic feet	.25
Over 2,500 cubic feet, per 100 cubic feet	.40

(b) For period from December 1 to April 30

First 1,000 cubic feet or less	$1.75
Next 1,500 cubic feet, per 100 cubic feet	.15
Over 2,500 cubic feet, per 100 cubic feet	.10

II Summer and Vacation Consumers - Meter rates

Annual Charge for Calendar Year

EXHIBIT "B"

(5)

EXHIBIT "1"

(1)

Minimum Annual Charge:

Payable in advance, entitling the customer to 500 cubic feet of water each month during the calendar year $21.00

For all water used in excess of 500 cubic feet per month, charges will be the same as provided for under I, during the respective periods of use.

III Flat Rates

Annual charge, payable in advance for water service rendered each residence or commercial establishment . . . $24.00

IV Fire Hydrant Rates

	Per Month
Fire hydrants on mains less than 3" inside diameter	$ .50
Fire hydrants on mains 3" inside diameter	.75
Fire hydrants on mains 4" inside diameter	1.25
Fire hydrants on mains larger than 4" inside diameter	1.75

Decision No. ~~57293~~

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of STINSON BEACH WATER COMPANY, a corporation, for an increase in rates.	Application No. 39391
Commission investigation on it own motion into the operations, rates, charges, service, contracts, affiliated interests, and practices of GEORGE P. LEONARD.	Case No. 5998

Decision No 57,293

Vaughn, Paul & Lyons by John G. Lyons, for Stinson Beach Water Company, applicant in Application No. 39391, and George P. Leonard, respondent in Case No. 5998.
C. J. Green and A. A. Eustis, for Progressive Club, and C. J. Green, for Stinson Beach Community Center, Incorporated, protestants.
Leland H. Jordan, for County of Marin, interested party.
Edward G. Fraser and John D. Reader, for the Commission staff.

O P I N I O N

On September 6, 1957, Stinson Beach Water Company, hereinafter called Stinson, filed its application for an increase in rates. The application was amended on September 12, 1957.

Concurrently with the issuance of Decision No. 55751 on October 28, 1957, in Case No. 5831 and Application No. 39028, the Commission issued its order of investigation into the operations, rates, charges, service, contracts, affiliated interests, and practices of George P. Leonard, hereinafter called Leonard, Case No. 5998.

Application No. 39391 and Case No. 5998 were consolidated for hearing.

Public hearings were held before Examiner Wilson E. Cline, at Stinson Beach, on March 19, 1958, and at San Francisco on March 20, 21, 24, 25, and 31, and April 1, 1958. At the conclusion of the hearing on April 1, 1958, the matter was taken under submission.

History and Ownership of the Stinson System

Stinson, formerly known as the Arenal Water Company, was installed at the Upton Water System by A. H. Upton in 1923 to serve the Robinson and Upton tracts. The usable facilities of the System were purchased by Arenal Water Company in 1939. The water supply for Arenal Water Company was originally a well and later a spring. The supply was augmented by the purchase of surplus water from the Kent Estate. The stock of the Arenal Water Company was acquired by Douglas Nye and Lucien A. Marsh in 1945.

The Stinson Beach Water Works, whose service area adjoined that of the Arenal Water Company, was installed originally in 1906 and 1907 by A. H. Stinson. Various members of the Stinson family operated the water system until the Las Baulines Ranch, which included the water system, was purchased by Nye and Marsh in 1944. The system was purchased by Arenal Water Company in 1948, and the combined system was then named the Stinson Beach Water Company.

George P. Leonard purchased the Las Baulines Ranch and most of the stock of Stinson in December, 1956. The stock of Stinson is owned of record, as follows:

Owner	Number of Shares
Stinson Beach Water Company	3
Herbert C. Hanson	10
A. De Moir	5
S. C. Dawson	1
F. J. and Daisy Young	1
Douglas A. Nye	148
Dorothy L. Nye	1
Francis Stenbaurer	1
Lucien A. Marsh	149
Margaret Marsh	1

The stock of Douglas and Dorothy Nye and Lucien and Margaret Marsh will come to Leonard pursuant to agreement of December 3, 1956. Leonard does not know the status of the share owned by Stenbaurer and he does not know who or where the other stockholders are. They take no part in the operations of Stinson except as stockholders.

George P. Leonard, Mrs. Wilma Leonard and Robert Berryman, an attorney, are the officers and three of the directors of Stinson. Francis Stenbaurer and Douglas Nye are the other two directors.

Description of the Stinson Water System

The sources of water supply for Stinson are springs and creeks on the Las Baulines Ranch and Black Rock Canyon which are owned by Leonard. The five sources now in use are known as West Stinson, East Stinson, Upper Fitzhenry, Lower Fitzhenry and Black Rock Canyon. The source known as Fitzhenry No. 2 is no longer in use. Pursuant to written agreement Stinson (Leonard Pres + Dir) is obligated to pay Leonard for water furnished from these sources 7½ cents per 100 cubic feet during the period from May 1 to November 30, and 5 cents per 100 cubic feet during the periods January 1 to April 30 and December 1 to 31 in each year. This agreement was approved by Decision No. 55751, issued October 28, 1957, which decision provided that such approval should not be construed as a finding of the reasonableness of the charges for water to be furnished by Leonard to Stinson.

Water from the intakes at these five sources flows into four redwood tanks at three sites. These tanks have an aggregate storage capacity of 160,000 gallons. The water at each of the three tank sites is treated by automatic chlorinators. Additional storage is provided by a 30,000-gallon redwood tank that floats on the system.

The distribution system consists of about 57,000 feet of pipe varying in size from 3/4 to 6 inches in diameter, of which about 20,000 feet consists of pipe 4 inches in diameter. As of January 1, 1958, the utility served 212 flat rate and 95 metered service customers.

Utility Operations of Leonard

The record shows that the lands of Leonard have been dedicated as watershed lands for the purpose of providing sources of water supply to Stinson on dates listed in the table below. The real estate appraiser, who testified as a witness in the proceeding, segregated the land into acres of steep hill and brush land valued at $25 per acre in 1953, and acres of grazing hill land valued at $100 per acre in 1953. There was no showing that the grazing lands within the watershed areas could not be used for grazing as well as for providing a water supply, and no provision has been made to allocate a portion of the value between the two possible uses. Also, although some of the grazing land is not accessible for grazing purposes no adjustment in value was made by reason thereof. For the purpose of determining the amount to be included in the rate base of Leonard, all the watershed lands will be valued as though they were steep hill and brush lands.

The watershed for the Fitzhenry No. 2 source of water supply has been excluded as the record shows it is no longer used and useful for the utility operations of the water system.

The amounts set forth in the table below are those values which have been adopted as applicable to the water supply for the purposes of this proceeding.

	Watershed Area (Acres)	Time of Dedication	Amount Per Acre	Total Historical Amount
West Stinson	169	1946	$17.25	$2,915.25
East Stinson	102	1946	17.25	1,759.50
Upper Fitzhenry	127	1906	8.60	1,092.20
Lower Fitzhenry	152	1906	8.60	1,307.20
Black Rock Canyon	72	1928	15.62	1,124.64
Total	622			8,198.79

The amounts per acre in the above table are the appraised amounts made by the real estate appraiser for steep hill and brush lands on the various properties as of the time of dedication.

The motion of Mr. Green to strike the historical valuation figures appearing in the table on page 3 of Exhibit No. 6 is hereby denied.

The record shows that since Leonard has been the owner of the Las Baulines Ranch no water from the above sources has been used for irrigation purposes on the ranch and he has no intention of using water for such purpose. Hence it will be unnecessary to consider the establishment of a rate for irrigation water, and no prospective revenue from such source will be included in estimated results of operations.

Another water facility which is owned by Leonard individually is the 4-inch main, approximately 5,000-feet in length, which brings water from the East and West Stinson intakes to the Highlands tank. In order to build this line it was necessary to put in a road because the country was brushy and very steep. The line runs along this road. The line was completed late in 1945 and was placed in operation in 1946. The record shows that $5,673.68 is the reasonable historical cost of the facility. The reserve for depreciation 5.

computed at the composite rate of 2.4 per cent per year would amount to $1,634 as of the end of 1957 leaving $4,039 for the rate base. This sum plus the $8,200 for land totals $12,239.

The Commission staff witness estimated that $588 of the taxes paid in connection with the ranch properties are applicable to the watershed areas. The adjustments made in the table above will require a reduction in the amount of taxes allowable as expense. In this proceeding the sum of $275 will be considered reasonable.

Exhibit No. 1 shows that water revenues of Leonard will amount to $1,619.66 excluding amounts for water furnished the State Park by Stinson Beach Water Company. If $275 for property taxes, $136 for depreciation, and $300 for other expenses and Federal income taxes are deducted from these revenues the net profit will be $909. On a rate base of $12,239 this would provide a rate of return of approximately 7.4 per cent.

Exclusion of water furnished to the State Park is appropriate as the record shows that the State Park intends to provide its own water supply.

By reason of the dedication of his water facilities to the public use, which we have heretofore found, George P. Leonard is hereby found to be a public utility water corporation, as defined in the Public Utilities Code, subject to the jurisdiction of this Commission.

The Commission further finds that the rates to be charged for water furnished Stinson by Leonard pursuant to the agreement set forth as Exhibit "C" to Application No. 39028 and approved by Decision No. 55751, issued October 28, 1957, as modified in Appendix A attached hereto, are justified and should be authorized.

Present and Proposed Rates of Stinson

The present rates consist of a meter rate for permanent residents, a meter rate for nonpermanent residents or commercial enterprises, a flat rate schedule and a fire hydrant schedule. The proposed rates include the same schedules as the present rates with the exception that the summer and winter rates on the meter schedules have been combined into one rate.

The proposed meter rates for permanent residents are as follow:

First	500 cu.ft. or less	$4.30
Next	1,000 cu.ft., per 100 cu.ft.	.50
Next	1,000 cu.ft., per 100 cu.ft.	.40
Over	2,500 cu.ft., per 100 cu.ft.	.30

The monthly charges for several monthly consumptions at present and proposed meter rates are listed in the following tabulation:

Consumption Cubic Feet	Present Summer Rates	Present Winter Rates	Proposed Rates	Per Cent Increase Summer Rates	Per Cent Increase Winter Rates
Through 500	$ 1.75	$ 1.75	$ 4.30	146%	146%
1,000	3.25	1.75	6.80	109	289
1,500	4.75	2.50	9.30	96	272
2,000	6.00	3.25	11.30	88	248
2,500	7.25	4.00	13.30	83	233
5,000	17.25	6.50	20.80	21	220
10,000	37.25	11.50	35.80	(4)	211

(Decrease)

Other present and proposed rates of applicant are listed in the following schedules:

a. Meter rates for nonpermanent residents or commercial enterprises:

	Present Rates	Proposed Rates
Minimum annual charge, payable in advance, entitling the customer to 500 feet of water each month during the calendar year ...	$21.00	$51.60
For all water used in excess of 500 cu.ft. per month, proposed charges are the same as listed in the schedules for permanent residents.		

b. Flat Rates:

Annual Charge	$24.00	$51.60

c. Fire hydrant rates:

	Present Monthly Rates	Proposed Monthly Rates
On mains less than 3-inch inside diameter	$ 0.50	$ 1.00
On mains 3-inch inside diameter ..	.75	1.50
On mains 4-inch inside diameter ..	1.25	2.50
On mains larger than 4-inch inside diameter	1.75	3.50

The parties stipulated that for some time past the State Park, instead of being charged 40 cents per 100 cubic feet above 2,500 cubic feet, has been charged 25 cents per 100 cubic feet; admittedly in violation of the tariff of applicant.

The following recommendations regarding the rates to be authorized are set forth in the Commission staff Exhibit No. 6.

1. The meter rate schedule to be authorized by the Commission should include minimum charges based on size of meter and consolidate proposed Schedules Nos. 1 and 2 of Stinson.

2. Due to the unlimited use feature of a flat rate, it is recommended that the Commission authorize a differential between the flat rate and the smallest meter minimum charge which will set the flat rate slightly higher than the above-mentioned meter minimum. A special condition giving the utility an exclusive option of metering should be also included on the flat rate tariff schedule.

3. If G. P. Leonard is found to be doing business as a public water utility a rate should also be established for the water used for irrigation purposes on the ranch.

Results of Operations of Stinson

The following tabulation of results of operations of Stinson for the 12-month test period ended June 30, 1957 is taken from Stinson's Exhibit No. 1 in this proceeding.

Item	Current Rates	Proposed Rates
Revenues	$ 8,102.60	$19,520.40
Less Expenses	16,232.90	16,232.90
Net Revenue	(8.130.30)	3,287.50
Less Income Tax (32.8%)	-	1,078.30
Balance	(8,130.30)	2,209.20
Rate Base	32,691.20	32,691.20
Indicated Rate of Return	-	6.76%
	(Loss)	

The following tabulation of results of operations of Stinson is taken from the Commission staff Exhibit No. 6. The cost of

purchased water from Leonard is included in operating expenses. No amount for watershed lands is included in the rate base.

Item	1957 Recorded	1957 Adjusted Present Rates	1957 Adjusted Proposed Rates	1958 Estimated Present Rates	1958 Estimated Proposed Rates
Operating Revenues	$ 9,604.25	$ 9,900	$19,530	$10,070	$19,910
Operating Expenses	7,592.59	9,800	9,800	9,930	9,930
Taxes other than Income	886.40	990	990	1,250	1,250
Depreciation Expense	2,002.95	1,490	1,490	1,780	1,780
Income Tax	25.00	25	2,010	25	1,790
Subtotal	10,506.94	12,305	14,290	12,985	14,750
Net for Return	(902.69)	(2,405)	5,240	(2,915)	5,160
Avg. Deprec.Rate Base	-	23,200	23,200	29,000	29,000
Rate of Return	-	-	22.6%	-	17.8%
		(Loss)			

The protestants urged that no amount be allowed in expense for water purchased from Leonard. They accepted the water treatment expense. They recommended that transmission and distribution expenses be reduced to $2,395 by reason of less frequent use of the jeep for valve cracking purposes. They also recommend that the customers' accounts expense be reduced to $780 and general expense to $1,845.

As applicant's estimate of revenues at proposed rates is the only estimate of such revenues in the record which excludes revenues from the State Park it will be used for purposes of this proceeding. Similarly, applicant's estimate of purchased water costs will be adopted. The staff has already included $220 for marine floater insurance as suggested by applicant. The $5,100 allowed by the staff for wages is adequate. The amount of $2,993 for water facilities owned by Leonard, rather than Stinson, which is included in the staff rate base, will be excluded from such rate base. The staff depreciation expense will be decreased $103 per year (2.4 per cent of $4,276 gross plant exclusion) by reason of this deletion.

The estimate of income tax will be adjusted to reflect the above modifications in revenues and expenses. The staff rate base estimate will also be increased $140 by reason of the fact that there are now 12 customers in the Highlands Subdivision instead of the seven used by the staff witness in making his computation of the adjustment in the rate base.

The adopted estimates of operating revenues and adjusted Commission staff operating expenses would yield the following results at the applicant's proposed rates:

Operating Revenues	$19,520
Operating Expenses	9,720
Taxes Other Than Income	1,250
Depreciation Expense	1,677
Income Tax	1,728
Subtotal	14,375
Net for Return	5,145
Avg. Deprec. Rate Base	26,147
Rate of Return	19.7%

A consideration of the results of operations hereinabove clearly leads to the conclusion that the increases in rates proposed by applicant are excessive and are not justified. The authorized rates which are set forth in Appendix B to this decision are estimated to produce operating revenues of $14,776, net for return of $1,960 and a rate of return of 7.5 per cent on the rate base of $26,147, which result we hereby find to be reasonable. Such rates are hereby found to be justified and will be authorized.

Service Complaints

Several customers of Stinson testified at the hearing and registered complaints respecting Stinson's service. These witnesses complained of discoloration of the water, interruptions in service without proper notification, wide variations in chlorine content,

excessive water pressure, air locks in pipes, and failure to include meter readings on the bills.

The protestants submitted the following service recommendations for Commission consideration:

1. Hydrant runners and risers should not be smaller than 2½ inches. Pending installation of 2½-inch standard runners and risers the tariff should provide for the payment of 50 per cent of the standard 2½-inch rate for 1½-inch hydrants and 75 per cent of the standard 2½-inch rate for 2-inch hydrants.

2. Stinson should install a 4-inch main connecting the valve at point H-S on Exhibit No. 2 and running about 750 feet to the end of the 6-inch main on Calle del Mar. By reason of this installation hydrant rental should be increased $92.

3. Stinson should install the largest possible runner in the 4-inch casing across Pacific Highway at the Firehouse to a hydrant at Belvedere when the second hydrant is ordered by the Fire District Commissioners on a 4-inch extension.

4. A sediment baffle and diffusing trough should be installed in the Stinson storage tank.

5. A rock catcher and flat settling tank inflow and baffle should be installed at the Lower Fitzhenry No. 1 Creek intake.

6. A fence should be provided to keep cows from pasturing within 600 feet of the Black Rock intake upstream and 300 feet at the side.

7. A 4-inch gate valve and a 3-inch automatic pressure reducing valve should be installed at point S-K on Exhibit No. 2.

8. A 4-inch gate valve and 3-inch automatic pressure reducing valve should be installed at point H-S on Exhibit No. 2.

9. A float valve should be installed on the Arenal tank.

10. A 4-inch gate valve and 4-inch pipe with a 3-inch automatic pressure reducing valve should be installed at point A-S on Exhibit No. 2.

The following service recommendations are set forth in the Commission staff Exhibit No. 6:

1. To eliminate wasting water at the Arenal tank it is recommended that the present method of throttling the water supply to the old Arenal system be discontinued and a float valve be installed on the Arenal tank to prevent overflow.

2. In Commission Decision No. 41298, Stinson Beach Water Company was ordered to install a pressure regulating valve between the Highland tank and the Stinson tank. This valve has since become inoperative and water can only be supplied to the Stinson tank by a manually operated valve. The need for some type of automatic control between the tanks is very apparent and can be accomplished by replacing the inoperative valve or by installing a short 2-inch main extension from the end of the main on Avenida Olema and float valve on the Stinson tank.

3. Since the Black Rock tanks are now owned by the utility, it is recommended that a pressure regulator be installed on the main bringing water from these tanks into town in order that this supply will also be automatically available to the distribution system.

4. The settling tanks should be flushed after every rain storm in order to utilize their full effective volume. Furthermore, the storage tanks that are filled directly from the various streams and springs should also be flushed periodically to remove the suspended matter that settles out of the water while it is stored in these tanks.

Mr. Leonard stated that it was his intention to follow the recommendations of the Commission staff in connection with the improvements in the system.

As Leonard will be authorized by this order to charge Stinson for water supplied to its various storage tanks and in order to prevent double metering of water supplied from the Highland tank to the Stinson tank, Stinson will be required to provide metering facilities at the Stinson tank.

Several of protestants' service recommendations correspond with those made by the Commission staff. Stinson should give careful consideration to the other recommendations of protestants.

Stinson's president stated at the hearing that meter readings would be placed on the customers' bills, hereafter, so that there should be no further customer complaints in this regard.

Other Recommendations

The following recommendations to improve Stinson's accounting records were made in the Commission staff Exhibit No. 6:

1. A general ledger should be set up in conformance with the Uniform System of Accounts for Class D Water Companies.

2. All records, invoices and vouchers should be preserved.

3. Some work order procedure should be installed to assure proper recording of capital additions and retirements.

4. Staff adjustments bringing the records up to date should be placed on the company books.

Stinson's president stated at the hearing that the uniform system of accounts prescribed by the Commission would be adopted by Stinson as soon as an auditor could be employed to work on the books.

The Commission staff Exhibit No. 6 also contains the following further recommendations:

1. Beginning with the year 1958 Stinson should compute depreciation expense by multiplying the depreciable utility plant by a rate of 2.4 per cent. This rate should be used until review indicates it should be revised. Applicant should review the depreciation rate using the straight-line remaining life method whenever substantial changes in depreciable plant occur and at intervals of not more than five years, and revise the above rate in conformance with such reviews. Results of these reviews should be submitted to the Commission.

2. The utility should file four copies of a comprehensive map drawn to an indicated scale not smaller than 400 feet to the inch delineating by appropriate markings various tracts of land and territory served; the principal water production, storage and distribution facilities; and the location of the various

Applicant should comply with the accounting and other two recommendations set forth above.

O R D E R

The above-entitled matters having been considered, a public hearing having been held, the matters having been submitted and now being ready for decision,

IT IS HEREBY ORDERED that:

1. George P. Leonard is authorized and directed to file in quadruplicate with this Commission after the effective date of this order, in conformity with General Order No. 96, the schedule of rates shown in Appendix A attached hereto, together with four copies of a tariff service area map and rules acceptable to this Commission and, on not less than five days' notice to the public and to this Commission, make said rates, tariff service area map, and rules effective for all water service rendered on and after October 1, 1958.

2. Within ninety days after the effective date of this order, George P. Leonard shall file in quadruplicate with this Commission copies of a comprehensive map drawn to an indicated scale not smaller than 1,000 feet to the inch, delineating by appropriate markings various tracts of land and territory served; the principal water production, storage and distribution facilities; and the location of his various water system properties.

3. George P. Leonard shall determine depreciation expense by multiplying the depreciable utility plant by a rate of 2.4 per cent. This rate shall be used until review indicates it should be revised. George P. Leonard shall review the depreciation rate using the straight-line remaining life method whenever substantial changes in depreciable plant occur and at intervals of not more than five years,

and revise the above rate in conformance with such reviews. Results of these reviews shall be submitted to the Commission.

4. Stinson Beach Water Company is authorized to file in quadruplicate with this Commission after the effective date of this order, in conformity with General Order No. 96, the schedule of rates shown in Appendix B attached hereto, and on not less than five days' notice to the public and to this Commission make said rates effective for all water service rendered on and after October 1, 1958.

5. Within ninety days after the effective date of this order, Stinson Beach Water Company shall file in quadruplicate with this Commission copies of a comprehensive map drawn to an indicated scale not smaller than 400 feet to the inch, delineating by appropriate markings various tracts of land and territory served; the principal water production, storage and distribution facilities; and the location of the various water system properties of Stinson Beach Water Company.

6. Stinson Beach Water Company shall, within sixty days after the effective date of this order, install metering facilities at the Stinson tank to eliminate double metering and advise the Commission, in writing, within ten days after completion of such installation.

7. Stinson Beach Water Company shall determine depreciation expense by multiplying the depreciable utility plant by a rate of 2.4 per cent. This rate shall be used until review indicates it should be revised. Stinson Beach Water Company shall review the depreciation rate using the straight-line remaining life method whenever substantial changes in depreciable plant occur and at intervals of not more than five years, and revise the above rate in

conformance with such reviews. Results of these reviews shall be submitted to the Commission.

The effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 2nd day of September, 1958.

C. LYN FOX
President
PETER E. MITCHELL
MATTHEW J. DOOLEY
THEODORE H. JENNER
Commissioners

Commissioner Ray E. Untereiner, being necessarily absent, did not participate in the disposition of this proceeding.

Schedule No. 6

RESALE SERVICE

APPLICABILITY

Applicable to untreated water furnished for resale.

TERRITORY

The community of Stinson Beach, and vicinity, Marin County.

RATES	Per Month
Monthly Quantity Rates:	
For the 7-month period, May 1 through November 30, per 100 cu.ft.	$ 0.075
For the 5-month period, December 1 through April 30, per 100 cu.ft.	0.05
Annual Minimum Charge:	Per Year
For each customer	$950.00

The Annual Minimum Charge will entitle the customer to an annual quantity of water which that minimum charge will purchase at the Quantity Rates.

SPECIAL CONDITIONS

1. The charge for water used will be billed monthly at the quantity rates. If the total of such billings for the year is less than the annual minimum charge, the remainder will be billed at the end of each year.

2. The annual minimum charge applies to service during the 12-month period commencing on January 1.

3. Water supplied under this schedule is untreated water and the utility does not represent or guarantee that any water delivered hereunder is potable or of a quality suitable for human consumption.

4. This schedule is available only upon the execution of a contract.

Schedule No. 1

GENERAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service.

TERRITORY

The community of Stinson Beach, and vicinity, Marin County.

RATES

Monthly Quantity Rates:

	Per Meter Per Month
First 500 cu.ft. or less	$ 2.75
Next 1,000 cu.ft., per 100 cu.ft.	.35
Next 1,000 cu.ft., per 100 cu.ft.	.30
Over 2,500 cu.ft., per 100 cu.ft.	.20

Annual Minimum Charge:

	Per Meter Per Year
For 5/8 x 3/4-inch meter	$ 33.00
For 3/4-inch meter	45.00
For 1-inch meter	72.00
For 1½-inch meter	120.00
For 2-inch meter	180.00
For 3-inch meter	300.00

The Annual Minimum Charge will entitle the customer to the quantity of water each month which one twelfth of the annual minimum charge will purchase at the Monthly Quantity Rates.

SPECIAL CONDITIONS

1. The above annual minimum charges apply to service during the 12-month period commencing January 1 and are due in advance. A customer who has established his permanency by having paid for service at the same location for each of the preceding 12 months may elect to pay the annual minimum charge on a monthly basis equal to one twelfth of the annual minimum charge.

2. For initial service connected after January 1 the annual charge will be prorated on the basis of the number of months remaining in the year.

Schedule No. 2

GENERAL FLAT RATE SCHEDULE

APPLICABILITY

Applicable to all water service furnished on a flat rate basis.

TERRITORY

The community of Stinson Beach and vicinity, Marin County.

RATE	Per Year
For each service connection	$39.00

SPECIAL CONDITIONS

1. Meters may be installed at the option of utility for the above classification in which event service thereafter will be furnished only on the basis of Schedule No. 1, General Metered Service.

2. The above flat rate charge applies to service during the 12-month period commencing January 1, and is due in advance.

3. For initial service connected after January 1 the annual charge will be prorated on the basis of the number of months remaining in the year.

Schedule No. 5

PUBLIC FIRE HYDRANT SERVICE

APPLICABILITY

Applicable to all fire hydrant service furnished to duly organized or incorporated fire districts or other political subdivisions of the State.

TERRITORY

The community of Stinson Beach, and vicinity, Marin County.

RATE	Per Month
For each hydrant connected to a main	
2½-inch or smaller	$0.75
3-inch	1.25
4-inch	2.00
6-inch or larger	2.50

SPECIAL CONDITIONS

1. For water delivered for other than fire protection purposes, charges will be made at the quantity rates under Schedule No. 1, General Metered Service.

2. The cost of installation and maintenance of hydrants will be borne by the utility.

3. Relocation of any hydrant shall be at the expense of the party requesting relocation.

4. The utility will supply only such water at such pressure as may be available from time to time as the result of its normal operation of the system.

UNI-8700

5073.51

J Green

BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF CALIFORNIA

In the Matter of the Application of STINSON BEACH WATER COMPANY, a corporation, for an increase in rates.	)	Application No. 39391
Commission investigation on its own motion into the operations, rates, charges, service, contracts, affiliated interests, and practices of GEORGE P. LEONARD.	)	Case No. 5998

Decision No. 57,293

Petition

APPLICATION OF PROTESTANTS, ET AL, for REHEARING

This Application of STINSON BEACH PROGRESSIVE CLUB and STINSON BEACH FIRE DISTRICT respectfully shows, and these Applicants aver that:

I.

~~Applicant~~, STINSON BEACH PROGRESSIVE CLUB, is, by reason of its composite membership, the active representative of the protestant users of service of Stinson Beach Water Company which serves the unincorporated territory in and around Stinson Beach, California. ~~Applicant~~ STINSON BEACH FIRE DISTRICT is a municipal corporation, the principal customer paying the fire hydrant rentals and here appearing for the first time.

II.

Correspondence or communication in regard to this application should be addressed to: A. A. Eustis, President of

Total Leonard
Rock Base

Progressive Club, Stinson Beach, California.

III.

The provisions of Commission's Decision No. 57293 of September 2, 1958 will cause Stinson Beach Water Company and George P. Leonard, declared a public utility therein, to become violators of Section 451 of the Public Utility Code because of the following certain provisions, or lack of them, in such order:

1. Inclusion of 389 acres of grazing lands at $5,073.21 in rate base of Leonard when uncontroverted testimony showed this acreage was not useful, but detrimental to the service rendered by this utility. The delivery of water from the grazing land with fine silt in suspension during the heavy rainfall period, when the brush covered acres produce a surplus of clearer water, is the cause of the universal complaints of turbidity at such times which complaints filled the first afternoon's record. Hot water tanks are clogged and frequent replacement thereof required, and both tubs, sinks and toilets discolored. We wish opportunity to add to the record the fact that the amount of such turbidity is increased by the cutting action of hooves of grazing cattle; and at time of low water flow in summer, the sun-seared grazing acres produced no water; and further, to emphasize the universally known fact among hydraulic engineers at least, that where there is no seasonal storage, the ability to produce water at the time of low water flow and here incidentally of maximum use, becomes the sole determinant of source value.

2. Approval of any watershed - acres dedication is not justified in this case because Leonard and his predecessors have done nothing as yet to implement an acreage dedication, even of the brush covered land. There has been no curtailment whatsoever of the prior activities of Las Baulines Ranch, and there has been no sacrifice

of the ranch owner other than use of transmission roads, available also for ranch operation. He did not even install fencing to prevent fresh cow manure from being washed into the stream by the rains just above the Black Rock intake (see following "Cause No. 6").

3. Commission approved a "quantity contract" between Leonard and Stinson (George P. Leonard, President) whereby the considerable leakage in the old Stinson distribution system becomes profitable to Leonard. Practically all costs to Leonard are fixed charges, unrelated to the quantity delivered. Substitution of a fixed charge based on a reduced-to-reasonable land and plant value of Leonard is requested.

4. The Commission allowed excessive staff estimated "General Operating Expense" of $2,450.00 per year, $8.00 per customer is excessive, when considering the almost negative services rendered by its president. This is in addition to a customer expense of $1,080.00, $3.20 per customer, a total of $11.20 per customer.

5. Decision provided no requirement that the expected high reconditioning expense should be charged either to the "Depreciation reserve," or to "Purchaser's cost of acquisition," as provided in Subparagraph 4D, page 39, of the Commissions Uniform Systems of Accounts for Water Utilities (Classes A B & C). (Testimony of C. J. Green).

6. The Commission's failure to make mandatory any of the protestants' recommendations for removing cause of complaints, the most important of which was fencing cattle away from Black Rock Creek just above intake. When this is done pending the opening of the real estate tract there under development, it would become the first, and then only temporary, restrictive utility use of any part of any of the watersheds.

7. Failure to provide for past and future installation of "pipestem" hydrants (connections to mains less than the 2½" hose connection at the top.

8. Failure to provide any installations which would reduce turbidity, including permission to route the Highland tank delivery (except to Highland Service Area) through only a 2" main, thereby destroying the potential alternate settling function of these tanks and impairing nearby domestic service and fire protection.

9. The Commission's failure to eliminate the rate base component of the Upper FitzHenry diversion and transmission main. Originally installed to augment irrigation service from Highland tank by either "robbing" at times of low water flow, the Lower FitzHenry intake for domestic purposes, or proving its primary use for irrigation. Its only possible present necessary utility use of stand-by for Highland Area users above the level of the Kent tanks justifies a rate base value equal only to the small pump, that could be installed to supply equivalent service in the rare emergency of such a contingency.

IV.

Pursuant to Rule 24 of the Rules of Practice and Procedure of the Commission, copies of this Application have been mailed to the following parties, in effect the original Applicants in this proceeding 39391;

Stinson Beach Water Co.
George P. Leonard (a public utility)
c/o Vaughan, Paul & Lyons
1418 Mills Tower
San Francisco 4, California

These Applicants will serve a copy upon any additional parties required by the Commission.

WHEREFORE, these Applicants ask that the Public Utilities Commission of the State of California make its order authorizing a rehearing as herein requested.

Dated at Stinson Beach, California, this 11th of September, 1958.

STINSON BEACH PROGRESSIVE CLUB

By A. A. EUSTIS, President

and

STINSON BEACH FIRE DISTRICT

By O. B. CAVANAUGH, Commissioner

STATE OF CALIFORNIA)
) ss.
COUNTY OF MARIN)

C. J. GREEN, being first duly sworn, deposes and says:

That he is the duly authorized representative of the Stinson Beach Progressive Club, one of the protestants in the above entitled matter and one of the applicants for a rehearing therein; that he has read the foregoing Application for Rehearing and knows the contents thereof, and that the same is true of his own knowledge, except as to those matters therein stated on information or belief, and as to such matters he believes it to be true.

C. J. GREEN

Subscribed and sworn to before me
this 11th day of September, 1958.

LELAND H. JORDAN

Notary Public in and for the County
of Marin, State of California

BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF CALIFORNIA

In the Matter of the Application of STINSON BEACH WATER COMPANY, a corporation, for an increase in rates	)))	Application No. 39391
Commission investigation on its own motion into the operations, rates, charges, service, contracts, affiliated interests, and practices of GEORGE P. LEONARD	)))))	Case No. 5998

REPLY OF STINSON BEACH WATER COMPANY AND GEORGE P. LEONARD TO PETITION OF STINSON BEACH PROGRESSIVE CLUB, ET AL., FOR REHEARING OF DECISION NO. 57293

VAUGHAN, PAUL & LYONS
1418 Mills Tower
San Francisco 4, California

Attorneys for Stinson Beach Water Company and George P. Leonard

Dated: September 16, 1958

BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF CALIFORNIA

In the Matter of the Application of STINSON BEACH WATER COMPANY, a corporation, for an increase in rates	)))	Application No. 39391
Commission investigation on its own motion into the operations, rates, charges, service, contracts, affiliated interests, and practices of GEORGE P. LEONARD	)))))	Case No. 5998

REPLY OF STINSON BEACH WATER COMPANY AND GEORGE P. LEONARD TO PETITION OF STINSON BEACH PROGRESSIVE CLUB, ET AL., FOR REHEARING OF DECISION NO. 57293

Come now STINSON BEACH WATER COMPANY and GEORGE P. LEONARD and reply to the petition for rehearing filed herein on September 12, 1958, as follows:

I.

The alleged grounds of petitioners for rehearing are set forth in subparagraphs numbered 1 through 9 of paragraph III of their petition. Petitioners complain of certain findings and conclusions by the Commission after consideration of an exhaustive record based upon seven days of hearing. The findings and conclusions of the Commission are amply supported by facts of record and the allegations of petitioners are without foundation in the record and are contrary to the record.

II.

In subparagraph 1 of their paragraph III, petitioners allege that Stinson Beach Water Company and George P., Leonard will become

violators of Section 451 of the Public Utilities Code because of the inclusion of 389 acres of grazing lands in the rate base of Leonard. Petitioners then make various supporting allegations which are contrary to the facts of record. The record shows, without contradiction, that the 389 acres of grazing lands in question are an integral part of the watersheds used and useful in the public utility operations of George P. Leonard. To have omitted these acres from his rate base would have resulted in depriving him of property without due process of law, in violation of the provisions of the Fourteenth Amendment to the Constitution of the United States and the provisions of the Constitution of the State of California. Petitioners cite no authority except common sense in support of their claim that the said acres should have been left out of George P. Leonard's rate base. We respectfully direct the Commission's attention again to the case of Quincy Water Works, 29 C.R.C. 395, which we mentioned at the hearing. That decision, and many other decisions of the Commission, show the propriety of including grazing lands in the rate base. We note that the Commission did not include these lands in the rate base at their full value, but used a lesser value. It ill behooves petitioners to complain.

III.

In subparagraph 2 of their paragraph III, petitioners apparently allege that no watershed at all should have been allowed in George Leonard's rate base. Such an allegation contradicts the claim that George Leonard should be declared a public utility. To hold that Mr. Leonard should be declared a public utility and that no

watershed should be dedicated to public use and put into his rate base would be a contradiction in terms. The allegations of petitioners' subparagraph 2 are irrelevant to the question whether watershed lands have been dedicated to the public use. We mention, however, that the Black Rock Canyon lands of Mr. Leonard are fenced and that the cow manure referred to by petitioners comes from lands on an adjoining ranch not owned by Mr. Leonard.

IV.

In subparagraph 3 of their paragraph III, petitioners claim that no "quantity contract" should be approved by the Commission. This contention is without merit. The Commission repeatedly approves such contracts. The only question is whether they are reasonable. The record and the findings of the Commission in its Decision No. 57293 show conclusively that the contract between Mr. Leonard and the Stinson Beach Water Company is reasonable. We refer particularly to the findings on page 6 of mimeographed Decision No. 57293.

In their subparagraph 3 petitioners refer to alleged leakage. The record shows that any leaks which occur are repaired by applicants. Petitioners' allegation is contrary to the facts of record.

V.

In subparagraph 4 of their paragraph III petitioners allege that the Commission's allowance for General Operating Expense is excessive, on the ground that Mr. Leonard's services were "almost negative". Such an allegation is completely unwarranted. The record shows without contradiction that Mr. Leonard devotes a very substantial

part of his time to the affairs of the water company. Indeed, he will never be compensated for his time devoted to these proceedings before the Commission. It is also noteworthy that the salaries paid by the water company in 1957 exceeded the amount allowed by the Commission.

VI.

In subparagraph 5 of their paragraph III, petitioners refer to accounting treatment which they would desire for some alleged "high reconditioning expense." We do not understand this subparagraph, but we know that the water company is only being allowed to earn on moneys actually invested in public utility property.

VII.

In subparagraph 6 of their paragraph III, petitioners allege that the rates of George P. Leonard and the Stinson Beach Water Company will be unreasonable because the Commission has failed to make mandatory any of protestants' recommendations. This contention is without merit. The Commission has thoroughly considered the multitudinous suggestions offered at the hearings by Mr. C. J. Green, and has reached its conclusions on the basis of an exhaustive record. We note again that the record shows that the Black Rock Creek is fenced off. We are not aware of, nor does the record refer to, any opening of a real estate tract. We note also that the record shows that the water furnished by the water company is regularly tested by the health authorities and has never been found other than suitable for human consumption. The record shows that water from the Black Rock source

was used under the same conditions for twenty nine years before Mr. Leonard acquired that source of water.

VIII.

In reply to petitioners' subparagraph 7, we note that there is nothing in the record to indicate that the fire hydrants are not adequate. Rates have been set for varying sizes of main.

IX.

In reply to petitioners' subparagraph 8, we note that the Commission's staff has made a thorough study of the water system of the Stinson Beach Water Company and has made recommendations. Following these recommendations, since the hearings a line has been constructed to provide for delivery of Highland Tank water to the Stinson tank. This permits alternate use of the Highland Tank as a settling basin because the outlet from the Highland Tank is above floor level. Applicant Stinson Beach Water Company has conscientiously followed recommendations of the Staff of the Commission for improvements to its system.

X.

The allegations of petitioners in subparagraph 9 of their paragraph III are without merit and contrary to the facts of record. The record shows conclusively that the Upper Fitzhenry diversion and transmission main was installed to provide an alternate source of supply and not for irrigation purposes. The record shows that no water is used for irrigation purposes. The source in question is used

and useful for domestic water purposes and fire protection only, and is an essential part of applicant's integrated water system.

XI.

We have replied to each of the allegations of petitioners. They represent nothing more than an attempt to have the Commission reverse itself after its findings and conclusions based upon an exhaustive record. They are not justified by the facts of record. The Stinson Beach Water Company has been operating at a substantial loss for several years, as the record shows. George P. Leonard has advanced, or caused to be advanced, in excess of $11,000.00 to the water company to maintain water service since his purchase of an interest in the company in December, 1956. Petitioners are seeking to delay relief which is urgently needed. Fairness to George P. Leonard and the Stinson Beach Water Company requires that the petition for rehearing herein be denied promptly in order that the increased rates authorized by Decision No. 57293 may be made effective October 1, 1958.

Dated at San Francisco this 16th day of September, 1958.

Respectfully submitted,

VAUGHAN, PAUL & LYONS

By JOHN G. LYONS

Attorneys for Stinson Beach Water Company and George P. Leonard.

CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing Reply to Petition for Rehearing upon each party of record by mailing a copy thereof, postage prepaid, properly addressed to each such party.

Dated at San Francisco, California, this ~~16th~~ 17th day of September, 1958.

JOHN G. LYONS

C. J. Green

CALIFORNIA PUBLIC UTILITIES COMMISSION

REPORT
ON THE
RESULTS OF OPERATIONS
OF
STINSON BEACH WATER COMPANY
YEAR 1957 RECORDED AND ADJUSTED
YEAR 1958 ESTIMATED

Application No. 39391
Case No. 5998

San Francisco, California
March 6, 1958

TABLE OF CONTENTS

Chapter No.	Title	Page No.
1	INTRODUCTION	1
2	BALANCE SHEET AND INCOME STATEMENT	8
3	OPERATING REVENUES	16
4	OPERATING EXPENSES	17
5	TAXES	19
6	UTILITY PLANT	21
7	DEPRECIATION RESERVE AND EXPENSE	22
8	RATE BASE	24
9	SUMMARY OF EARNINGS	26
10	SERVICE	28
11	RATES	29
12	RECOMMENDATIONS	34

MEMORANDUM

This report presents the results of an investigation of the operation of the Stinson Beach Water Company in connection with its application for authority to increase rates and in connection with a Commission investigation into the status of George P. Leonard.

The report, with the exception of Chapter 2, was prepared by Colin Garrity under the general supervision of John D. Reader of the Hydraulic Branch of the Commission's Utilities Division. Kanji Tomita, financial examiner of the Utilities Finance and Accounts Division, cooperated in developing the basic data and was responsible for the preparation of Chapter 2, Balance Sheet and Income Statement.

The rates of return are shown in Chapter 9, Summary of Earnings.

INDEX TO TABLES

Table No.	Title	Page No.
1-A	Formal Proceedings Before the Commission - - - - - - - - -	6
2-A	Recorded and Adjusted Balance Sheet as of 12-31-57 - - - -	13
2-B	Recorded and Adjusted Utility Plant as of 12-31-57 - - - -	14
2-C	Comparative Income Statement for the Years 1955, 1956 and 1957 -	15
7-A	Summary of Depreciation Accrual Determination - - - - - -	23
11-A	Metered Water Use Analysis (Summer Period) - - - - - - - -	32
11-B	Metered Water Use Analysis (Winter Period) - - - - - - - -	33

CHAPTER 1

INTRODUCTION

A - PURPOSE OF REPORT

1. This report presents for the information of the Commission a summary of the operations and earnings of the Stinson Beach Water Company, in connection with Application No. 39391, filed September 6, 1957 and amended September 12, 1957 and February 18, 1958, for authority to increase rates for water service, and Case No. 5998, a formal investigation initiated by the Commission to determine the status of George P. Leonard as a public utility.

B - SYNOPSIS OF APPLICATION

2. The Stinson Beach Water Company, a California corporation, is engaged in business as a public utility supplying water at Stinson Beach, Marin County.

3. Applicant requests authority to increase rates in order to realize a reasonable profit and to render adequate and efficient service to the public.

4. The first amendment to the application was filed to include a statement of the rates presently charged by applicant, and the second amendment was filed to revise and increase the level of the meter rates proposed.

C - SCOPE OF REPORT

5. This report presents the utility's results of operation for the year 1957, as recorded and as adjusted, and for the year 1958 as estimated.

6. The report includes analyses and estimates of revenues, operating expenses, taxes, utility plant and depreciation expense and reserve, culminating in the development of rate bases and summaries of earnings. Recommendations and a review of service and rates are also included.

7. In connection with the Commission's investigation of George P. Leonard, into his business as a water supplier, an analysis of Leonard's investment has been made in order to determine the reasonableness of the operation and the charges for water supplied to the Stinson Beach Water Company.

8. Further analyses were made to determine the effect of including reasonable values for the watershed lands of the Las Baulines Ranch in the rate base of the utility and excluding the cost of purchased water as an operating expense.

D - OWNERSHIP AND ASSOCIATED COMPANIES

9. Case No. 5998 was initiated by the Commission because of certain proposals made in Application No. 39028 relative to the separation of the operations of Stinson Beach Water Company and the ranch owned by applicant's president on which are located the sources of water for the utility. Mr. Leonard's proposal was to establish by contract a price for the purchase of water by the utility from Leonard. The price as stated in the contract is 7½ cents per 100 cubic feet during the seven-month period beginning May 1 and 5 cents per 100 cubic feet for the remainder of the year.

10. Commission Decision No. 55751 indicated that the water sources had been previously dedicated for the purpose of supplying water to the utility for domestic use and referred to Section 216(c) of the Public Utilities Code in stating that the above case would be initiated on its own motion.

11. In Decision No. 41298 issued in connection with Application No. 28482 and Case No. 4898, the Commission found that a fair and reasonable allowance for watershed lands was $2,000. This figure did not include the source of supply recently sold by Kent Estate Company but did include one source no longer used by the utility. This allowance was based on approximately 10 acres of land per source, using the value of land at that time.

12. From a topographical map of the area the actual drainage areas for the various sources were determined and are shown in the following

tabulation together with the approximate year of dedication and the land value as of that period.

Source	Drainage Area Acres	Time of Dedication	Historical Value per Acre	Total Historical Value
West Stinson	169	1945	$21	$ 3,549
East Stinson	102	1945	21	2,142
Upper Fitzhenry ~~No. 1~~	127	1906	50	6,350
Lower Fitzhenry ~~No. 1~~	152	1906	50	7,600
Fitzhenry ~~No. 2~~	129	1946	21	2,709
Black Rock Canyon	104	1928	*	4,000
Totals	783			26,350

* Cost at time of sale by Kent Estate Company was used although actual dedication took place earlier.

13. The times of dedication indicated above were determined from various Commission records and a discussion with Mr. Kent concerning the Black Rock supply.

14. Based on tax bills for the ranch, it has been determined that $588 of the taxes paid in connection with the ranch are applicable to the watershed areas discussed in Paragraph 4. Using this ad valorem tax as an expense and a reasonable return for Leonard's operation as a water supplier, the gross revenue requirement would be $2,170 per year on the basis of a 6% return and $2,430 on the basis of a 7% return.

15. Such revenue requirement, however, would not necessarily all come from the utility since some water is used for irrigation on the ranch and an allowance for this usage would have to be made in determining the cost of water to the utility. Furthermore, enough water is available from these sources to provide for a 25% increase in applicant's customers.

16. It is believed reasonable to assume that at least 50 acres of the ranch can be irrigated from these sources. On the basis of a one-half acre-foot duty these lands would use approximately 25 acre feet or 1,100,000 cubic feet. The value of this water should be less than that for domestic supply because only surplus water would be so used or sold. However, according to estimates of productivity of the various sources involved, this amount of water for irrigation purposes will be available for quite some time in the future at the present growth rate of the area.

17. In Chapter 8 of this report the various land values discussed in this chapter have been included in the rate base of the utility in order to show the effect of a combined operation due to close affiliation of the applicant and Leonard.

E - HISTORY AND REGULATION

18. The Stinson Beach Water Company, formerly known as the Arenal Water Company, was installed as the Upton Water System by A. H. Upton in 1923 to serve the Robinson and Upton tracts. A certificate of public convenience and necessity was granted to Mr. Upton in Decision No. 25330, dated November 7, 1932. All of the usable facilities of the system were purchased by the Arenal Water Company in 1939.

19. The water supply for the Arenal Water Company was originally a well, and thereafter a spring, augmented by purchase of surplus water from the Kent Estate. The stock of the Arenal Water Company was acquired by Mr. Douglas A. Nye and Mr. Lucien A. Marsh in 1945.

20. The Stinson Beach Water Works, whose service area adjoined that of the Arenal Water Company, was installed originally in 1906 and 1907 by Mr. A. H. Stinson. Various members of the Stinson family operated the water system until the Las Baulines Ranch, which included the water system, was purchased by Nye and Marsh in 1944. The system was then purchased by the Arenal Water Company in 1948, and the combined system was then named the Stinson Beach Water Company.

21. Mr. George P. Leonard purchased the Las Baulines Ranch and the stock of the utility in December 1956.

22. A tabulation of formal proceedings in which this utility has appeared before the Commission is shown in Table 1-A at the end of this chapter.

F - DESCRIPTION OF SYSTEM

23. The source of supply for this utility is water purchased from the Las Baulines Ranch. Water from the five intakes on the springs and creeks of the ranch flows into four redwood tanks at three sites with an aggregate storage of 160,000 gallons. Prior to 1957 these springs and creeks with the exception of Black Rock Creek have been considered to be

part of the Stinson Beach Water Company, therefore no charge was made for water obtained from these sources. Treatment of the water is accomplished by automatic chlorinators at each of the three tank sites. Additional storage is provided by a 30,000-gallon redwood tank that floats on the system.

24. The distribution system consists of about 57,000 feet of pipe varying in size from 3/4 to 6 inches in diameter, of which about 20,000 feet consist of pipe 4 inches in diameter. As of January 1, 1958, the utility served 212 flat rate and 95 metered customers.

TABLE 1-A
Sheet 1 of 2

Stinson Beach Water Company

FORMAL PROCEEDINGS BEFORE COMMISSION

Application or Case No.	Decision No. and Date	Nature of Proceeding	Disposition
A-1961[b]	3000 12-24-15	Requested that rates be set.	Flat rates established.
C-1465[b]	8170 10-1-20 8721 3-9-21	Complaint by M. A. Upton, et al, asking Commission order utility to serve Robinson tract.	Order made as requested. Reversed by Dec. No. 8170, complaint dismissed.
A-7016[b]	10174 3-11-22	Requested that rates be revised.	Meter rates and flat rates established conditionally.
A-8974[b]	12046 5-8-23	Request of M. I. Skinner to sell her part interest to M. E. Stinson. M. E. Stinson requested authorization to raise funds by issuance of a note.	Granted.
A-18403[a]	25330 11-7-32	Owner requested a certificate of public convenience and necessity and that rates be established.	Certificate granted, rates established.
C-3885[a]	28149 8-5-35	Complaint by S. Jenning, et al, of substandard service and poor quality of water.	Dismissed.
A-22594[a]	31908 4-4-39	Arenal Water Co. requested permission to issue stock.	Granted.
A-22628[a]	31909 4-11-39	Sale of utility to Arenal Water Co.	Granted.
A-23204[a]	32976 4-2-40	Authority to increase rates and establish certain rules.	Not granted, but revised rates and rules authorized.
A-24342[b]	35074 2-24-42	Authority to revise rates.	Separate meter and flat rates authorized for temporary and permanent residents.

a. Arenal Water Co. or Stinson Beach Water Co.
b. Stinson Beach Water Works.

TABLE 1-A
Sheet 2 of 2

Stinson Beach Water Company

FORMAL PROCEEDINGS BEFORE COMMISSION

Application or Case No.	Decision No. and Date	Nature of Proceeding	Disposition
A-26217[b]	37172 7-11-44	Sale of utility to D. A. Nye and L. A. Marsh. Buyers requested authority to raise funds by issuance of a note.	Granted.
A-28482[b] C-4898[a]	41298 3-9-48 41648 5-25-48 42294 12-7-48	Sale of utility to Arenal Water Co. and authority to establish rates for the combined system. Complaint by E. Pohli, et al, that rates charged by Arenal Water Co. were unfair.	Sale granted, rates established and complaint dismissed, conditionally. Conditions vacated.
A-29790[a]	42289 12-7-48	Authority to execute certain agreements with William Kent Estate Co.	Granted.
A-39028[a] C-5831[a]	55751 10-28-57	Approval of an agreement with William Kent Estate Co., for service to property of W. Kent, and for authority to issue promissory note. Complaint by W. Kent Estate Co. to extend service to Kent's properties.	Application granted and complaint dismissed.

a. Arenal Water Co. or Stinson Beach Water Co.
b. Stinson Beach Water Works.

CHAPTER 2

BALANCE SHEET AND INCOME STATEMENT

1. This chapter is presented to show the financial condition and the results of operations of Stinson Beach Water Company in connection with Application No. 39391 for an increase in rates.

2. The following tables are included as part of this chapter:

Table 2-A - Recorded and Adjusted Balance Sheet at December 31, 1957.

Table 2-B - Recorded Utility Plant with Staff Adjustments to Bring Utility Plant Up to Date As of December 31, 1957.

Table 2-C - Comparative Income Statement for the Years 1955, 1956 and 1957.

Historical Summary

3. Stinson Beach Water Company, a corporation, was the result of a merger of Arenal Water Company, a corporation and Stinson Beach Water Works, a partnership, in 1948. The assets of Stinson Beach Water Works were turned over to the Arenal Water Company which subsequently changed its corporate name to Stinson Beach Water Company.

Books and Records

4. The books and records of the utility consist of a cash receipts and disbursements register, customer records, auditor's workpapers, copies of Commission reports, and vouchers and invoices for the years 1954 through 1957. The records of the company are located partly in the San Francisco office, partly at Stinson Beach and the balance at the accountant's office. Invoices for the period prior to 1954 could not be located and are believed to have been destroyed. No general ledger is maintained by the company.

Utility Plant

5. An appraisal of utility plant was made by the Commission's staff as of September 1, 1947, in connection with a prior rate proceeding before the Commission on Application No. 28482. The estimated original historical cost of utility plant for Arenal Water Company and Stinson Beach Water Works was appraised at that time as $11,828 and $21,552, respectively, with land for tanks and other sites appraised at $1,830. The appraised total as of September 1, 1947 of $35,210 exceeded the recorded total of $28,163.97 by $7,046.03. This difference has not been reflected on the records of the company.

6. Additions to utility plant since the 1947 appraisal have not, in many instances, been recorded on the books of the company. Those additions which were recorded were in many instances charged to the wrong primary plant accounts. The staff has made adjustments totaling $3,176.25 to capitalize additions which were expensed and to correct erroneous classifications of additions.

Retirements

7. The company has failed to show any retirements of plant, with the exception of a jeep retired in 1957. A study by the staff reveals that certain portions of plant had actually been retired or abandoned. Staff adjustments take into account unrecorded retirements totaling $3,318.

Reserve for Depreciation

8. Reserve for depreciation at December 31, 1957 totaled $23,205.30. The company recorded figures were adjusted for $3,318 of unrecorded retirements and $2,839.40 for the difference between recorded reserve and the reserve requirement at September 1, 1947.

9. The company uses straight-line method of accruing depreciation on utility plant. The company calculates depreciation on the same basis used in filing its federal income tax return. For the year 1957, the following rates were used:

a. Arenal assets - fully depreciated.
b. Stinson Beach Water Works assets - 3.75%.
c. Additions since 1948 - 5% per annum with the exception of 1950 additions on which a 5.5% rate is used.
d. One-half of above rate or 2½% on additions for 1957.

Depreciation on contributed properties is charged to Ac. 265, Contributions in Aid of Construction.

Long-Term Debt

10. Long-term debt at December 31, 1957 of $19,037.37 was made up of the following two obligations:

Wilma Leonard	$10,000.00
William Kent Estate Co.	9,037.37
Total	19,037.37

11. The first obligation to Leonard is a five-year note with interest payable monthly at the annual rate of 6% on the outstanding principle. This loan was approved by the Commission in Decision No. 55751, dated October 28, 1957.

12. The second obligation to William Kent Estate Company is the unpaid balance of an agreement for conditional sale of certain pipelines for $11,065.69. This agreement provided that payment would be based upon 35% of the revenues derived from the sale of water through such pipes over a period of 10 years or until contract was paid in full, and is non-interest bearing. This agreement was authorized by the Commission in Decision No. 42289, dated December 7, 1948. The 10-year term of this contract terminates on December 31, 1958.

Advances for Construction

13. Advances for construction at December 31, 1957 of $8,709.60 were for an agreement made with William Kent Estate Company for a main extension in the William Kent Seadrift Subdivision No. 2. This agreement was approved in Decision No. 55751, dated October 28, 1957.

Contributions in Aid of Construction

14. The balance of $2,047.50 in contributions in aid of construction at December 31, 1957, arose from the contribution of hydrants by the William Kent Estate Company costing $2,100 and reduced by depreciation taken on these hydrants of $52.50.

Earned Surplus

15. Recorded earned surplus reflects surplus arising out of earnings as well as surplus arising from the transfer of Stinson Beach Water Works assets to Arenal Water Company in 1948. No attempt has been made to segregate this surplus between earned and capital for lack of sufficient information. Recorded earned surplus has been adjusted to reflect capital additions made after the 1947 appraisal which were charged to expense.

Capital Surplus

16. Capital surplus at December 31, 1957 of $3,379.75 arose from staff adjustments as follows:

Recording 1947 appraisal	$4,206.63
Cost of acquiring treasury stock in excess of amount in capital stock account	(22.50)
Payment on land included in 1947 appraisal	(804.38)
Total	3,379.75

(Red Figure)

Capital Stock

5250

17. Capital stock of Stinson Beach Water Company is made up of 320 shares of $10 par value common stock of which three shares are held in treasury. Three hundred shares of stock held by Douglas A. Wye and Lucien A. Marsh have been sold to George Leonard. These shares are now held in escrow pending payment by Mr. Leonard.

Income Statement

18. Table 2-C is a comparative income statement for the years 1955, 1956 and 1957. The company records all revenues and expenses on a cash basis and no attempt was made to adjust these figures to reflect accrual method of accounting. No adjustments have been made to recorded figures to eliminate amounts shown as water purchases which were in fact payments on a conditional sales agreement, nor for capital additions charged to expenses.

Payrolls

19. Payrolls constitute the major portion of expenditures made by the company. The following summary is an analysis of payroll for the years 1955, 1956 and 1957.

	1955	1956	1957
Officers	$ 664	$2,000	$ 500
Superintendent	1,800	1,800	3,321
Office	900	900	893
Miscellaneous	280	274	661
Total	3,644	4,974	5,375

20. The increase in water treatment expenses for the year 1957 was a result of the installation of a chlorinator and the resultant increase in power and chlorinating supply costs.

21. Recorded insurance expenses for 1957 include a payment of $224.03 covering the year 1958.

Recommendations

The following recommendations are made to improve the utility's accounting records:

a. A general ledger be set up in conformance with the Uniform System of Accounts for Class D Water Companies.

b. All records, invoices and vouchers be preserved.

c. Some work order procedure be installed to assure proper recording of capital additions and retirements.

d. Staff adjustments bringing records up to date be placed on the company books.

TABLE 2-A

Stinson Beach Water Company

Recorded/Adjusted — BALANCE SHEET

December 31, 1957

Item	Per Company Records	Staff Adjustments Dr.	Staff Adjustments Cr.	Adjusted Balance
ASSETS				
Utility Plant	$71,180.60	($7,046.03[a] (2,319.37[c]	$3,318.00[b]	$77,228.00
Reserve for Depreciation $21,653.45	23,683.90	3,318.00[b]	2,839.40[a]	23,205.30
Utility Plant Less Reserve	47,496.70	—		54,022.70 Book Adjust.
Cash	1,284.66			1,284.66
Accounts Receivable	2,024.83			2,024.83
Total Assets	50,806.19			57,332.19
LIABILITIES				
Capital Stock - Actually Outstanding	3,200.00	30.00[c]	-	3,170.00
Long-Term Debt	19,037.37	-	-	19,037.37
Advances for Construction	8,709.60	-	-	8,709.60
Contributions in Aid of Construction	2,047,50	-	-	2,047.50
Capital Surplus 10,757.10		(2,839.40[a] (826.88[c]	7,046.03[a]	3,379.75
Earned Surplus	17,811.72		3,176.25[c]	20,987.97
Total Liabilities	50,806.19			57,332.19

Adjustments

a. To place September 1, 1947 appraisal on books.
b. To record retirements not reflected on books.
c. To correct erroneous entries and to charge plant accounts with capital items charged to expense subsequent to September 1, 1947 appraisal.

TABLE 2-B

Stinson Beach Water Company

UTILITY PLANT

December 31, 1957

Item	Company Records 12/31/57	Adjust Records to 9/1/47 Staff Appraisal	Staff Adjustments for Period Subsequent to 9/1/47[a]	Adjusted Utility Plant 12/31/57
Intangible Plant	$ 452.50	$ -	$ (52.50)	$ 400.00
Landed Capital	2,552.29	82.09	(804.38)	1,830.00
Source of Supply Plant	187.50	107.50	(145.00)	150.00
Water Treatment Equip.	2,678.00	70.00	189.00	2,937.00
Reservoirs & Tanks	6,761.95	3,771.90	.15	10,534.00
Transmission & Distribution Mains	32,374.75	19,058.01	(3,230.76)	48,202.00
Services	572.15	1,828.87	759.98	3,161.00
Meters	786.44	274.32	1,336.24	2,397.00
Hydrants	2,100.00	240.00	864.00	3,204.00
Office Equipment	103.88	-	85.12	189.00
Transportation Equipment	2,236.00	-	-	2,236.00
Other General Equipment	20,375.14	(18,386.66)	(.48)	1,988.00
Total Utility Plant	71,180.60	7,046.03	(998.63)	77,228.00

20375.14

(Red Figure)

51,813.46

a. Adjustments in this column reflect the following:

1. $52.50 of treasury stock eliminated from intangible plant.
2. Elimination of $804.38 from landed capital, as this was balance of payment on land included in appraised land figure in Decision 41298, dated March 9, 1948.
3. Retirements of plant not recorded on books of $3,318.
4. Additions to plant not recorded on books of $3,176.25.

TABLE 2-C

Stinson Beach Water Company

COMPARATIVE INCOME STATEMENT

For Years 1955, 1956, 1957

Item	1955	1956	1957
Revenues			
Flat Sales	$4,865.00	$4,859.67	$ 5,177.20
Meter Sales	3,278.15	3,242.93	4,427.05
Total Revenues	8,143.15	8,102.60	9,604.25
Operating Expenses			
Water Purchases	620.00[a]	651.94[b]	350.00
Water Treatment	130.00	35.00	202.63
Transmission and Distribution	-	-	-
Labor and Salaries	2,080.21	2,062.66	3,933.23
Supplies	374.07	176.37	394.24
General and Administrative			
Salaries	1,564.46	2,910.80	1,441.29
Miscellaneous	185.14	242.41	596.45
Insurance	116.95	-	365.94[c]
Automobile	143.68	305.44	308.81
Total Operating Expenses	5,214.51	6,384.62	7,592.59
Depreciation	1,564.50	1,419.86	2,002.95
Taxes	684.99	869.27	911.40
Total Operating Revenue Deductions	7,464.00	8,673.75	10,506.94
Utility Operating Income	679.15	(571.15)	(902.69)
Interest Expense			25.00
Net Income	679.15	(571.15)	(927.69)

(Red Figure)

a. Includes $270 of payments on conditional sales agreement.

b. Includes $301.94 of payments on conditional sales agreement.

c. Includes $224.03 payments on 1958 insurance policy.

Note: No adjustments made to recorded figures for capital additions charged to expense.

CHAPTER 3

OPERATING REVENUES

1. Revenues of the utility are derived primarily from the sale of water to flat rate and metered residential and business customers. Other revenues are received from fire protection service.

2. The following tabulation shows the operating revenues for the years 1953 to 1956 as reported in the company's annual reports to the Commission. Revenues from fire protection service were included with the revenues from metered customers.

Item	Years			
	1953	1954	1955	1956
Flat Rate Revenues	$4,511.35	$4,878.00	$4,865.00	$4,859.67
Metered Revenues	2,557.62	2,911.85	3,278.15	3,242.93
Other Water Revenues		150.30		
Total	7,068.97	7,940.15	8,143.15	8,102.60

3. An analysis of the charges for metered service revealed that the largest consumer was given a preferential tail block for the summer rate without authorization of the Commission.

4. It was not possible to reconcile the recorded flat rate revenues for the year 1957 with the number of flat rate customers being served as listed in the records of the utility.

5. The following tabulation summarizes operating revenues for the year 1957, as recorded and as adjusted to eliminate preferential billing and to provide for average conditions. This tabulation also includes estimated revenues for the year 1958, and compares revenues of presently effective rates and at those proposed by applicant.

Item	1957			1958		
		Adjusted		Estimated		
	Recorded	Present Rates	Proposed Rates	Present Rates	Proposed Rates	Per Cent Increase
Flat Rate Revenues	$5,177.20	$5,020	$10,780	$ 5,090	$10,940	115%
Metered Revenues	4,427.05*	4,680	8,350	4,780	8,570	79
Fire Protection		200	400	200	400	100
Total	9,604.25	9,900	19,530	10,070	19,910	98

* Includes revenue for fire protection.

CHAPTER 4

OPERATING EXPENSES

1. The following tabulation summarizes the operating expenses of Stinson Beach Water Company for the years 1953 through 1956 as shown in the company's annual reports to the Commission. This tabulation also indicates the payroll chargeable to expenses as stated in these reports.

Expenses	1953	1954	1955	1956
Purchased Water	$ 577.59	$ 649.65	$ 620.00	$ 651.94
Water Treatment	-	-	130.00	35.00
Transmission and Distribution	651.24	1,308.67	2,597.96	2,400.48
General	3,351.83	3,312.48	1,866.55	3,230.57
Total	4,580.66	5,270.80	5,214.51	6,317.99
Payroll		2,950.00	3,310.46	4,559.00

2. The purchased water expenses shown above include payments on a loan in connection with a main extension to a subdivision. The actual cost of water was approximately $350 per year. The water treatment expenses consisted of certain tests and an engineering study. The transmission and distribution expenses have been found to include items that should have been capitalized.

3. The following tabulation shows the operating expenses for the year 1957 as recorded and adjusted, and the estimated expenses for the year 1958. The expenses as shown in this tabulation include a cost of purchased water based on the rates set forth in the agreement between Leonard and Stinson Beach Water Company which was discussed in Chapter 1.

Expenses	1957 Recorded	1957 Adjusted	1958 Estimated
Source of Supply	$ -	$ 645	$ 645
Purchased Water	350.00	1,830	1,870
Water Treatment	202.63	1,225	1,230
Transmission and Distribution	4,327.47	2,610	2,650
Customers' Accounts	-	1,050	1,080
General	2,712.49	2,440	2,455
Total	7,592.59	9,800	9,930

4. The 1957 adjusted expenses include an allowance for full year operation of the chlorinating equipment, an allowance for payroll on an average year basis that reflects the operator of the system spending a portion of his time on plant installations, and an allowance for the cost of formal proceedings spread over a composite period of approximately seven years.

5. The cost of purchased water included in the above adjusted and estimated expenses is subject to revision based on the Commission's decision relative to Case No. 5998 as to the status of Leonard's operation as a water supplier. In Chapter 9, Summary of Earnings, the effect of including the watershed lands in the rate base of the utility is shown for both land values mentioned in Chapter 1.

CHAPTER 5

TAXES

1. The utility's recorded taxes for the years 1953 through 1956 are shown in the following tabulation:

Item	1953	1954	1955	1956
Ad Valorem Taxes	$625.72	$611.93	$593.15	$636.70
Franchise Tax	25.00	25.00	25.00	28.17
Payroll Taxes	107.49	212.80	66.84	271.03
Total Taxes	758.21	849.73	684.99	935.90

2. The following tabulation sets forth the recorded and adjusted taxes for 1957 and the estimated taxes for 1958, exclusive of income taxes, based on the expenses shown in the second tabulation in Chapter 4. The payroll taxes for the recorded year 1957 do not include taxes accrued during the last quarter.

Item	1957 Recorded	1957 Adjusted	1958 Estimated
Ad Valorem Taxes	$657.56	$660	$ 920
Payroll Taxes	162.84	280	280
Jeep License	66.00	50	50
Total	886.40	990	1,250

3. The additional ad valorem taxes to be used for the rate base with a value of $2,000 for watershed lands is $40, and $590 is the additional tax for the rate base including a drainage area of 783 acres.

4. The following tabulation shows sample income tax calculations based on expenses referred to in Paragraph 2 and taxes other than income shown in the tabulation above for the year 1957 adjusted and for the year 1958 estimated, at present rates and at the rates proposed by the

utility. The depreciation expenses that were used were determined at the current depreciation rates used in the utility's income tax returns.

Item	1957 Present Rates	1957 Proposed Rates	1958 Present Rates	1958 Proposed Rates
Operating Revenues	$ 9,900	$19,530	$10,070	$19,910
Revenue Deductions				
Operating Expenses	9,800	9,800	9,930	9,930
Taxes Other Than Income	990	990	1,250	1,250
Depreciation Expense	2,000	2,000	2,800	2,800
Interest Expense	600	600	480	480
Total	13,390	13,390	14,460	14,460
Net Taxable Income	(3,490)	6,140	(4,390)	5,450
Franchise Tax (4%)	25	246	25	218
Taxable Income - Federal Tax	-	5,894	-	5,232
Federal Income Tax (30%)	-	1,768	-	1,570
Total Income Tax	25	2,014	25	1,788
USE	25	2,010	25	1,790

(Red Figure)

5. The income taxes to be used in connection with the rate bases which include a value for watershed lands are listed in the tabulation below:

Item	1957 Present Rates	1957 Proposed Rates	1958 Present Rates	1958 Proposed Rates
Rate base with $2,000 for watershed lands	$25	$2,600	$25	$2,390
Rate base including 783 acres of drainage area	25	2,420	25	2,210

CHAPTER 6

UTILITY PLANT

1. Detailed appraisals were made in 1940 for the Arenal Water Company and in 1941 for the Stinson Beach Water Works. The utilities were reappraised in 1947 in connection with Application No. 28482. The latter appraisal has been brought up to date as shown in Chapter 2, with the result that the total adjusted plant as of December 31, 1957, is $77,228.

2. The adjusted utility plant is set forth in the following tabulation for the years 1956 and 1957. The net additions during the year 1957 are also included. The utility plant does not include watershed lands, as previously discussed in Chapter 1.

Ac. No.	Description	As of Dec. 31, 1956	1957 Net Additions	As of Dec. 31, 1957
301	Intangible Plant	$ 400	$ -	$ 400
306	Land	1,830	-	1,830
312	Source of Supply Plant	150	-	150
331	Water Treatment Equipment	259	2,678	2,937
342	Reservoirs and Tanks	4,637	5,897	10,534
343	Trans. & Distr. Mains	39,121	9,081	48,202
345	Services	3,021	140	3,161
346	Meters	2,036	361	2,397
348	Hydrants	1,104	2,100	3,204
372	Office Equipment	189	-	189
373	Transportation Equipment	300	1,936	2,236
374	Other General Equipment	1,988	-	1,988
	Total	55,035	22,193	77,228

3. The estimated gross additions for the year 1958 include $917 for meters at the Highland and Stinson tanks, $640 for float and pressure reducing valves and corresponding main extensions as discussed in Chapter 12, $350 for a new cover on the Stinson tank and $150 for six services.

4. The average utility plant for the years 1957 and 1958 totals $66,132 and $78,181, respectively.

CHAPTER 7

DEPRECIATION RESERVE AND EXPENSE

1. The recorded depreciation reserve as of December 31, 1957 was $23,683.90 with a recorded depreciation expense of $2,002.95 for the year 1957.

2. The depreciation reserve was adjusted to include the reserve requirement used in the last appraisal and to reflect retirements since 1948. This resulted in an adjusted depreciation reserve of $23,205 at the end of year 1957 as shown in Table 7-A.

3. The straight-line remaining life method has been used to determine depreciation accruals. This method meets the basic objective of depreciation by recovering the original cost of utility plant (less estimated salvage) over the useful life of the plant by means of an equitable plan of charges to operating expense accounts. Periodic reviews inherent in the method give assurance of continuous reasonable depreciation accruals.

4. The determination of the depreciation expense for the year 1958 is shown in Table 7-A. The average depreciation reserves developed from accrual rates shown in Table 7-A for the years 1957 and 1958 are $22,766 and $24,037, respectively.

FORM D-2 90948 12-53 5M ② SPO

TABLE 7-A

UTILITY Stinson Beach Water Co.

LOCATION Marin County

SUMMARY OF
ANNUAL DEPRECIATION ACCRUAL CALCULATION
STRAIGHT LINE REMAINING LIFE METHOD
YEAR OF 1958

FILE NO. A-39391

ACCOUNT NO.	DESCRIPTION	(1) GROSS PLANT (BEG. YEAR)	(A) EST. FUTURE NET SALVAGE (EST. GROSS SALVAGE LESS COST OF REMOVAL) %	(2) AMOUNT	(3) DEPRECIATION RESERVE (BEG. YEAR)	(4) NET BALANCE (1)—(2)—(3)	(B) TOTAL SERV. LIFE ORIG. GROUP (YRS.)	(C) TOTAL SERV. LIFE SURVIVORS (YRS.)	(D) AVERAGE AGE (YRS.)	(5) REMAINING LIFE (YRS.)	(6) ANNUAL ACCRUAL (4)÷(5) $	(E) % OF GROSS PLANT (RATE)
312	Source of Supply Plant	$ 150		$	$	$				13	$	
331	Water Treatment Equipment	2,937								20		
342	Tanks	10,534								27		
343	Transmission and Distribution Mains	48,202								39		
345	Services	3,161								21		
346	Meters	2,397								27		
348	Hydrants	3,204								46		
372	Office Equipment	189								5		
373	Transportation Equipment	2,236								5		
374	Other General Equipment	1,988								43		
	Total	74,998	½	375	23,205	51,418				29	1,773	2.4
	Contributed Plant (Included above)											
348	Hydrants	$2,100	2	$42	-	$2,058				50	$ (41)	2.0
	Average Net Additions 1958					1,905						
	Additional Accrual 2.4%										46	
	1958 Depreciation Expense										1,778	

(Red Figure)

-23-

TABLE 7-A

CHAPTER 8

RATE BASES

1. The development of average depreciated rate bases is shown in this chapter for the year 1957 adjusted and the year 1958 estimated.

2. There is no recorded amount for materials and supplies listed in the utility's accounts, and the field investigation indicated that the utility keeps a very small amount of materials and supplies on hand. For a utility of this size, it is good practice to have at least $500 in materials and supplies on hand and, therefore, such an allowance has been made.

3. No allowance for working cash was included, as all flat rate charges and a large percentage of the minimum meter charges are billed annually in advance.

4. The average contributions for 1957 are $1,040, and $2,060 for 1958. The average advances for the years 1957 and 1958 are $4,355 and $8,685, respectively.

5. The mains in the Highlands Subdivision were installed by the previous stockholders of the company in connection with their development of that subdivision. The field investigation revealed only seven customers in this area; therefore, an adjustment based on the main extension rule has been made in connection with the cost of piping the subdivision. A similar adjustment has been made for the plant additions installed in connection with the subdivision known as Seadrift No. 1. In this case the subdivider furnished the money on a loan basis for the installations and was to receive 35% of the gross revenue for a period of 10 years in repayment of the loan. The adjustments are shown following:

	1957	1958
Highland Subdivision	$6,030	$6,030
Seadrift No. 1	9,230	8,880
Total	15,260	14,910

6. The following tabulation develops rate bases for the year 1957 under three sets of conditions: (1) based on the utility purchasing water from Leonard, (2) including in rate base the value of $2,000 for

watershed lands as determined in Decision No. 41298, (3) including historical cost of drainage areas in rate base.

Item	Case 1	Case 2	Case 3
Average Utility Plant	$66,132	$66,132	$66,132
Additional Allowance for Lands	-	2,000	26,350
Allowance for Materials and Supplies	500	500	500
Subtotal	66,632	68,632	92,982
Contributions	1,040	1,040	1,040
Advances	4,355	4,355	4,355
Adjustments	15,260	15,260	15,260
Subtotal	20,655	20,655	20,655
Rate Base before Deduction for Depreciation	45,977	47,977	72,327
Average Depreciation Reserve	22,766	22,766	22,766
Depreciated Rate Base	23,211	25,211	49,561
USE	23,200	25,200	49,600

7. Rate bases for the year 1958 developed for the same three sets of conditions discussed in Paragraph 6 are set forth in the following tabulation:

Item	Case 1	Case 2	Case 3
Average Utility Plant	$78,181	$78,181	$78,181
Additional Allowance for Lands	-	2,000	26,350
Allowance for Materials and Supplies	500	500	500
Subtotal	78,681	80,681	105,031
Contributions	2,060	2,060	2,060
Advances	8,685	8,685	8,685
Adjustments	14,910	14,910	14,910
Subtotal	25,655	25,655	25,655
Rate Base before Deduction for Depreciation	53,026	55,026	79,376
Average Depreciation Reserve	24,037	24,037	24,037
Depreciated Rate Base	28,989	30,989	55,339
USE	29,000	31,000	55,300

CHAPTER 9

SUMMARY OF EARNINGS

1. This chapter develops rates of return for the year 1957 recorded and adjusted and the year 1958 estimated using the data developed in the preceding chapters. The following tabulation shows the earnings of the utility as recorded for the year 1957, as adjusted for the year 1957, and as estimated for the year 1958 including the cost of purchased water from Leonard in the operating expenses.

Item	1957 Recorded	1957 Adjusted Present Rates	1957 Adjusted Proposed Rates	1958 Estimated Present Rates	1958 Estimated Proposed Rates
Operating Revenues	$ 9,604.25	$ 9,900	$19,530	$10,070	$19,910
Operating Expenses	7,592.59	9,800	9,800	9,930	9,930
Taxes Other Than Income	886.40	990	990	1,250	1,250
Depreciation Expense	2,002.95	1,490	1,490	1,780	1,780
Income Tax	25.00	25	2,010	25	1,790
Subtotal	10,506.94	12,305	14,290	12,985	14,750
Net for Return	(902.69)	(2,405)	5,240	(2,915)	5,160
Average Depreciated Rate Base	-	23,200	23,200	29,000	29,000
Rates of Return	-	-	22.6%	-	17.8%

(Red Figure)

2. The following tabulation shows the development of rates of return for the adjusted year 1957 and the estimated year 1958, including an additional $2,000 in the rate base for watershed lands and eliminating purchased water as an item of expense.

Item	1957 Adjusted Present Rates	1957 Adjusted Proposed Rates	1958 Estimated Present Rates	1958 Estimated Proposed Rates
Operating Revenues	$ 9,900	$19,530	$10,070	$19,910
Operating Expenses	7,970	7,970	8,060	8,060
Taxes Other Than Income	1,030	1,030	1,290	1,290
Depreciation Expense	1,490	1,490	1,780	1,780
Income Tax	25	2,600	25	2,390
Subtotal	10,515	13,090	11,155	13,520
Net for Return	(615)	6,440	(1,085)	6,390
Average Depreciated Rate Base	25,200	25,200	31,000	31,000
Rates of Return	-	25.6%	-	20.6%

(Red Figure)

3. The development of rates of return for the adjusted year 1957 and the estimated year 1958, including historical cost of 783 acres of drainage area in the rate base, is set forth in the following tabulation. The expenses in this tabulation also do not include purchased water as an item of expense.

Item	1957 Adjusted		1958 Estimated	
	Present Rates	Proposed Rates	Present Rates	Proposed Rates
Operating Revenues	$ 9,900	$19,530	$10,070	$19,910
Operating Expenses	7,970	7,970	8,060	8,060
Taxes Other Than Income	1,580	1,580	1,840	1,840
Depreciation Expense	1,490	1,490	1,780	1,780
Income Tax	25	2,420	25	2,210
Subtotal	11,065	13,460	11,705	13,890
Net for Return	(1,165)	6,070	(1,635)	6,020
Average Depreciated Rate Base	49,600	49,600	55,300	55,300
Rates of Return	-	12.2%	-	10.9%

(Red Figure)

4. The following tabulation shows the effect of including an allowance of $550 in revenues to compensate for water used for irrigation for the 1958 summaries of earnings at proposed rates that include an allowance for watershed lands:

	$2,000 Value	783 Acres
Rates of Return	21.8%	11.6%

Any recommended rate

CHAPTER 10

SERVICE

1. A field investigation of the system was made at various times during the months of December 1957, and January and February 1958. The plant and facilities were inspected, a pressure check was made, customers were interviewed, company records were examined, and water consumption studies were made.

2. Several customers complained of excessive chlorine in the water, but primarily during the period when chlorination was first started and the utility was experiencing difficulty in maintaining the proper chlorine residual.

3. Other complaints were concerned with muddy water during periods of high rainfall; however, it is believed that this problem could not be completely cured without a fairly large capital expenditure.

4. It was alleged by some of the customers that during the night when the pressure in the western portion of the system rises, water spills over the top of the Arenal tank. we don't care x

5. The Stinson tank receives a supplemental supply of water from the Highland tank. Interconnection of the tanks is manually accomplished by a valve which is opened when the level in the Stinson tank results in low pressures and customers' complaints. The opening of the valve produces a pressure surge which causes high pressures in the services of the customers located on the main between the valve and the Stinson tank.

6. The Black Rock tanks are at such an elevation that direct connection to the distribution system would cause the Stinson tank to overflow during periods of low water use. To prevent this from happening, a manually operated valve is left closed except during peak use periods. Do you take any precautions?

7. A portion of the system is flushed out by use of a metered customer's service line on the customer's side of the meter. This has been brought to applicant's attention and it was indicated that this practice would be discontinued.

8. Inspection of the facilities at the Fitzhenry intake (lower) revealed that the settling tank had no cover and was approximately 40% full of gravel. + Rocks

CHAPTER 11

RATES

1. The present rates for this system became effective January 1, 1948 by authority granted in Decision No. 41298 dated March 9, 1948, and Decision No. 41648 dated May 25, 1948.

2. The present rates consist of a meter rate for permanent residents, a meter rate for nonpermanent residents or commercial enterprises, a flat rate schedule and a fire hydrant schedule. The only difference between the two meter rates is that the nonpermanent residents pay the minimum charges on an annual basis rather than monthly as for the permanent residents. The monthly quantity rates for metered users are separated into winter rates applicable from December 1 to April 30, and summer rates in effect from May 1 to November 30.

3. The meter rates do not include a minimum charge dependent on size of meter.

4. The rates proposed by applicant include the same schedules as the present rates with the exception that the summer and winter rates on the meter schedules have been combined into one rate.

5. The present and proposed rates of applicant are listed in the following schedules:

a. Present meter rates for permanent residents:

Summer quantity rates:

First 500 cu.ft. or less	$1.75
Next 1,000 cu.ft., per 100 cu.ft.	.30
Next 1,000 cu.ft., per 100 cu.ft.	.25
Over 2,500 cu.ft., per 100 cu.ft.	.40

Winter quantity rates:

First 1,000 cu.ft. or less	$1.75
Next 1,500 cu.ft., per 100 cu.ft.	.15
Over 2,500 cu.ft., per 100 cu.ft.	.10

b. Proposed meter rates for permanent residents:

First 500 cu.ft. or less	$4.30
Next 1,000 cu.ft., per 100 cu.ft.	.50
Next 1,000 cu.ft., per 100 cu.ft.	.40
Over 2,500 cu.ft., per 100 cu.ft.	.30

c. Present and proposed meter rates for nonpermanent residents or commercial enterprises:

	Present Rates	Proposed Rates
Minimum annual charge, payable in advance entitling the customer to 500 cubic feet of water each month during the calendar year.	$21.00	$51.60
For all water used in excess of 500 cubic feet per month, charges shall be the same as listed in the schedules above, during the respective periods of use.		

d. Present and proposed flat rates:

	Present Rates	Proposed Rates
Annual charge	$24.00	$51.60

e. Present and proposed fire hydrant rates:

	Present Rates	Proposed Rates
On mains less than 3" inside diameter	$0.50	$1.00
On mains 3" inside diameter	.75	1.50
On mains 4" inside diameter	1.25	2.50
On mains larger than 4" inside diameter	1.75	3.50

6. The monthly charges for several monthly consumptions at present and proposed meter rates are listed in the following tabulation:

Consumption: Cubic Feet	Present Summer Rates	Present Winter Rates	Proposed Rates	% Increase Summer Rates	% Increase Winter Rates
Through 500	$ 1.75	$ 1.75	$ 4.30	146%	146%
700	2.35	1.75	5.30	126	203
1,000	3.25	1.75	6.80	109	289
1,200	3.85	2.05	7.80	103	280
1,500	4.75	2.50	9.30	96	272
1,700	5.25	2.80	10.10	92	261
2,000	6.00	3.25	11.30	88	248
2,500	7.25	4.00	13.30	83	233
5,000	17.25	6.50	20.80	21	220
10,000	37.25	11.50	35.80	(4)	211

(Decrease)

7. In violation of the filed tariff schedules and without approval of the Commission, the largest consumer of this system is receiving preferential rates for use of water in excess of 2,500 cubic feet per month during the period from May 1 to November 30.

8. Analyses of metered water usage are set forth in Table 11-A for the period from May 1 to November 30, and in Table 11-B for the periods from January 1 to April 30 and December 1-31.

9. The company has not used a standard procedure for determining the prorated annual minimum or flat rate charge for new customers applying for service during the year.

TABLE 11-A

Stinson Beach Water Company

WATER USE TABLE (excluding State Park)

May - November

Consumption Block (Cubic Feet)	Customer Months Number	Per Cent of Total	Cumulative Per Cent	Consumption Ccf.	Per Cent of Total	Cumulative Per Cent
0-100	73	11.62%	11.62%	36	0.52%	0.52%
101-200	41	6.53	18.15	62	.89	1.41
201-300	33	5.25	23.40	82	1.18	2.59
301-400	37	5.89	29.29	130	1.88	4.47
401-500	45	7.16	36.45	202	2.91	7.38
501-600	32	5.09	41.54	176	2.54	9.92
601-700	37	5.89	47.43	240	3.46	13.38
701-800	22	3.50	50.93	165	2.38	15.76
801-900	35	5.57	56.50	298	4.30	20.06
901-1,000	31	4.94	61.44	294	4.24	24.30
1,001-1,100	23	3.66	65.10	242	3.49	27.79
1,101-1,200	19	3.03	68.13	218	3.14	30.93
1,201-1,300	23	3.66	71.79	288	4.15	35.08
1,301-1,400	23	3.66	75,45	310	4.48	39.56
1,401-1,500	16	2.55	78.00	232	3.35	42.91
1,501-1,600	10	1.59	79.59	155	2.24	45.15
1,601-1,700	9	1.43	81.02	148	2.13	47.28
1,701-1,800	11	1.75	82.77	192	2.77	50.05
1,801-1,900	7	1.11	83.88	130	1.88	51.93
1,901-2,000	10	1.59	85.47	195	2.81	54.74
2,001-2,100	12	1.91	87.38	246	3.55	58.29
2,101-2,200	7	1.11	88.49	150	2.16	60.45
2,201-2,300	3	.48	88.97	68	.98	61.43
2,301-2,400	6	.96	89.93	141	2.03	63.46
2,401-2,500	2	.32	90.25	49	.71	64.17
2,501-2,600	4	.64	90.89	102	1.47	65.64
2,601-2,700	3	.48	91.37	80	1.15	66.79
2,701-2,800	4	.64	92.01	110	1.59	68.38
2,801-2,900	7	1.11	93.12	200	2.88	71.26
2,901-3,000	6	.96	94.08	177	2.55	73.81
3,001-3,200	5	.80	94.88	155	2.24	76.05
3,201-3,400	4	.64	95.52	132	1.90	77.95
3,401-3,600	6	.96	96.48	210	3.03	80.98
3,601-3,800	3	.48	96.96	111	1.60	82,58
3,801-4,000	2	.32	97.28	78	1.13	83.71
4,001-4,200	1	.16	97.44	41	.59	84.30
4,201-4,400	1	.16	97.60	43	.62	84.92
4,401-4,600	2	.32	97.92	90	1.30	86.22
4,801-5,000	1	.16	98.08	49	.71	86.93
5,501-6,000	3	.48	98.56	172	2.48	89.41
6,001-6,500	1	.16	98.72	62	.89	90.30
6,501-7,000	2	.32	99.04	135	1.95	92.25
7,001-7,500	1	.16	99.20	72	1.04	93.29
7,501-8,000	2	.32	99.52	155	2.24	95.53
9,001-10,000	1	.16	99.68	95	1.37	96.90
Over 10,000	2	.32	100.00	215	3.10	100.00
Total	628	100.00		6,933	100.00	

Discounts Delivered @ 40¢

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TABLE 11-B

Stinson Beach Water Company

WATER USE TABLE (excluding State Park)

January - April, December

Consumption Block (Cubic Feet)	Customer Months			Consumption		
	Number	Per Cent of Total	Cumulative Per Cent	Ccf.	Per Cent of Total	Cumulative Per Cent
0-100	94	21.46%	21.46%	47	1.72%	1.72%
101-200	46	10.50	31.96	69	2.52	4.24
201-300	39	8.90	40.86	98	3.58	7.82
301-400	39	8.90	49.76	136	4.97	12.79
401-500	32	7.31	57.07	144	5.26	18.05
501-600	28	6.39	63.46	154	5.62	23.67
601-700	31	7.08	70.54	202	7.37	31.04
701-800	21	4.79	75.33	158	5.77	36.81
801-900	15	3.42	78.75	128	4.67	41.48
901-1,000	17	3.88	82.63	162	5.91	47.39
1,001-1,100	10	2.28	84.91	105	3.83	51.22
1,101-1,200	10	2.28	87.19	115	4.20	55.42
1,201-1,300	11	2.51	89.70	138	5.04	60.46
1,301-1,400	5	1.14	90.84	68	2.48	62.94
1,401-1,500	3	.68	91.52	44	1.61	64.55
1,501-1,600	6	1.37	92.89	93	3.40	67.95
1,601-1,700	6	1.37	94.26	99	3.61	71.56
1,701-1,800	4	.91	95.17	70	2.56	74.12
1,801-1,900	1	.23	95.40	18	.66	74.78
1,901-2,000	2	.46	95.86	39	1.42	76.20
2,101-2,200	2	.46	96.32	43	1.57	77.77
2,201-2,300	2	.46	96.78	45	1.64	79.41
2,401-2,500	1	.23	97.01	24	.88	80.29
2,501-2,600	1	.23	97.24	26	.95	81.24
3,201-3,400	1	.23	97.47	33	1.20	82.44
3,401-3,600	2	.46	97.93	70	2.56	85.00
3,601-3,800	2	.46	98.39	74	2.70	87.70
3,801-4,000	1	.23	98.62	39	1.42	89.12
4,401-4,600	1	.23	98.85	45	1.64	90.76
4,601-4,800	2	.46	99.31	94	3.43	94.19
4,801-5,000	1	.23	99.54	49	1.79	95.98
5,001-5,500	1	.23	99.77	52	1.90	97.88
5,501-6,000	1	.23	100.00	58	2.12	100.00
Total	438	100.00		2,739	100.00	

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CHAPTER 12

RECOMMENDATIONS

1. To eliminate wasting water at the Arenal tank it is recommended that the present method of throttling the water supply to the old Arenal system be discontinued and a float valve be installed on the Arenal tank to prevent overflow.

2. In Commission Decision No. 41298, Stinson Beach Water Company was ordered to install a pressure regulating valve between the Highland tank and the Stinson tank. This valve has since become inoperative and water can only be supplied to the Stinson tank by a manually operated valve. The need for some type of automatic control between the tanks is very apparent and can be accomplished by replacing the inoperative valve or by installing a short 2-inch main extension from the end of the main on Avenida Olema and a float valve on the Stinson tank.

3. Since the Black Rock tanks are now owned by the utility it is recommended that a pressure regulator be installed on the main bringing water from these tanks into town in order that this supply will also be automatically available to the distribution system.

4. The meter rate schedule to be authorized by the Commission should include minimum charges based on sizes of meters and consolidate the proposed Schedule Nos. 1 and 2 of the applicant.

5. Due to the unlimited use feature of a flat rate, it is recommended that the Commission authorize a differential between the flat rate and the smallest meter minimum charge which will set the flat rate ~~slightly~~ higher than the above-mentioned meter minimum. A special condition giving the utility an exclusive option of metering should be also included on the flat rate tariff schedule.

How effective do you consider settling tanks?

6. The settling tanks should be flushed after every rain storm in order to utilize their full effective volume. Furthermore, the storage tanks that are filled directly from the various streams and springs should also be flushed periodically to remove the suspended matter that settles out of the water while it is stored in these tanks.

7. It is recommended that beginning with the year 1958 applicant determine depreciation expense by multiplying the depreciable utility plant by a rate of 2.4%. This rate should be used until review indicates it should be revised. It is further recommended that applicant review the depreciation rate using the straight-line remaining life method whenever substantial changes in depreciable plant occur and at intervals of not more than five years, and revise the above rate in conformance with such reviews. Results of these reviews should be submitted to the Commission.

8. It is recommended that the utility file four copies of a comprehensive map drawn to an indicated scale not smaller than 400 feet to the inch, delineating by appropriate markings various tracts of land and territory served; the principal water production, storage and distribution facilities; and the location of the various water system properties of applicant.

Why not ~~two~~ one available for public reference at company offices?

9. ~~If~~ G. P. Leonard is found to be doing business as a public water utility a rate should also be established for the water used for irrigation purposes on the ranch.

S/B done in any case

U-18B. 70603 2-58 10M SPO

CALIFORNIA PUBLIC UTILITIES COMMISSION
Public Utilities Department
Hydraulic Division

L. Sadler

REPORT ON THE RESULTS OF OPERATION OF ARENAL WATER COMPANY AND STINSON BEACH WATER WORKS YEAR 1946 RECORDED AND ADJUSTED YEAR 1947 ESTIMATED

Application No. 28482
Case No. 4898

San Francisco, California
October 15, 1947

M E M O R A N D U M

This report was prepared under the general supervision of Mr. M. R. MacKall, Hydraulic Engineer, by Messers. Clyde F. Norris and Ed F. Catey, engineers of the Commission's Hydraulic Division. Land valuations were made by E. P. McAuliffe, Senior Land Appraiser, of the Commission's Valuation Division under the supervision of C. T. Mess, Chief, Division of Valuation. It presents the results of an investigation and analysis of the operations and records of the Arenal Water Company and the Stinson Beach Water Works in connection with their application for authority to consolidate the two systems and their request for the Commission to establish a proper rate schedule for the combined system. It is also in response to a formal complaint filed by 35 consumers in the Arenal area, contending that the two systems are in effect consolidated, and requesting the Commission to establish a proper rate schedule.

CALIFORNIA PUBLIC UTILITIES COMMISSION
Public Utilities Department
Hydraulic Division

REPORT ON THE RESULTS OF OPERATION OF ARENAL WATER COMPANY AND STINSON BEACH WATER WORKS YEAR 1946 RECORDED AND ADJUSTED YEAR 1947 ESTIMATED

Application No. 28482
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San Francisco, California
October 15, 1947

CHAPTER I

INTRODUCTION

A - SYNOPSIS OF APPLICATION

In their application, Arenal Water Company, a corporation, along with Douglas A. Nye and Lucien A. Marsh, a partnership operating under the name of Stinson Beach Water Works, request permission for the Arenal Water Company to purchase the Stinson Beach Water Works, and ask the Commission to establish proper rates for the resulting single system.

The applicants state that since the two present water systems supply adjacent territory in and near Stinson Beach and both are under the common ownership of applicants Nye and Marsh, public interest would be better served under a consolidated system. Applicants also allege that both utilities operated at a loss during the year 1946 and will suffer further losses during the present year under existing rates; that additional facilities should be installed to supply the present and prospective customers adequately; and that new rates will have to be set in order to cover expenses, depreciation of capital additions, and give a reasonable rate of return on the total capital investment.

B - SCOPE OF REPORT

This report has been prepared for the purpose of showing the results of operations of the two utilities under operating conditions of the past and present as separate companies, and under operating conditions of the present and immediate future under a combined company.

Included in this report are brief histories and descriptions of the two systems, a summary of previous formal proceedings before the Commission and some recommendations for improvement as requested by the applicants. The present amount of fixed capital has been determined and the corresponding depreciation annuity and reserve requirements have been shown. Also included are tabulations of operating revenues and expenses as reported in the utilities' reports for the years 1942 to 1946, as adjusted for the year 1946, and as estimated for the year 1947.

I - INTRODUCTION

C - HISTORY AND DESCRIPTION OF SYSTEMS

Arenal Water Company

The area served by this company consists of two subdivisions known as the Robinson Tract and the Upton Tract at Stinson Beach in Marin County. These tracts are situated on a narrow sandspit between the Pacific Ocean and a small lagoon that separates the sandspit from the mainland. If any additional land is developed to the west along the sandspit, this new territory could possibly be added to the existing service area of the Arenal Water Company.

Serving the present Arenal area, there formerly was operated a water system installed by A. H. Upton in 1923. The source of water at that time was a drilled well located within the area. In 1935, due to the substandard service and poor quality of water available from this system, the Commission recommended that the residents form an organization among themselves whereupon Mr. Upton would be allowed to discontinue public utility service.

In 1939, the Arenal Water Company was organized, stock was sold, and all usable facilities of the Upton system were acquired. Some of the piping of this old system is still in use, but the pump, well, and tank were abandoned several years ago, having been used only in emergencies to augment the supply of water from the new source.

A parcel of land was purchased, located on the hillside approximately 900 feet north of the service area. Water was obtained from a spring located thereon and was stored in a 30,000-gallon redwood tank which was erected on the property. A four-inch transmission main was installed crossing under the county road and the small lagoon, and additional distribution mains were provided to supply the then existing and potential customers. All consumers receive water by gravity flow from the tank, at a static pressure of about 55 pounds per square inch.

A few main extensions, services and meters have been added since 1939, the distribution system now including approximately 6,600 feet of mains from 3/4 inch to four inches in size and 102 services, of which only ten are metered.

The supply of water from the Arenal spring is very limited and the well water from the old system was not satisfactory, so an additional source of supply had to be found. From 1940 to 1946, surplus water from the William Kent Estate Company was purchased when needed and was delivered to the distribution system through a two-inch pipe line installed for that purpose. This two-inch line now delivers water to the Arenal system from the distribution

system of the Stinson Beach Water Works. This connection helps to keep the Arenal system supplied, but during periods of heavy demand in the Stinson Beach area, the pressure is not sufficient to meet the demands of the Arenal area.

The two major stockholders in the Arenal Water Company, Nye and Marsh, therefore made provision for the delivery to the Arenal system of water otherwise used for irrigation purposes on their ranch. This water comes from perennial creeks located on the ranch, is stored in what is known as the Highland tank, and is delivered to the Arenal tank through a pipe line connected to the transmission main above the upper field of the ranch.

Stinson Beach Water Works

The westerly end of the service area of the Stinson Beach Water Works adjoins the area served by the Arenal Water Company. Unlike the Arenal area, much of the property served is situated on the mainland and some of it is at a considerable elevation.

The entire developed area was subdivided from the Stinson Ranch, and consisted at first only of a summer resort that was established on the southwest corner of the property. In about 1906 a portion adjacent to the resort was subdivided as sites for summer homes and weekend cottages. Two additional tracts were soon opened and there is now being developed a fourth subdivision known as Stinson Beach Highlands.

The original water system was installed by A. H. Stinson around 1906 to supply the first subdivision. The source of water was a perennial stream that is still in use. The water was stored in a redwood tank of 1,100 gallons capacity, and delivered through approximately 6,000 feet of small pipe lines.

The various owners preceding the present partnership made improvements and replacements from time to time, such as the 50,000-gallon storage tank installed in 1922. By 1942 all of the transmission mains and a small portion of the distribution system had been replaced.

In addition to the supply originally developed, the water from several springs has been piped into the diversion from that source. The 1,100-gallon storage tank is now used for a settling tank with 1,312 feet of four-inch main connecting it to the present 50,000-gallon storage tank. The water is then distributed through 18,000 feet of mains (including those in the new subdivision) ranging in size from 3/4 inch to six inches, and supplies 121 services, of which 27 are metered.

I - INTRODUCTION

Stinson Beach Highlands, the land now being developed by Nye and Marsh, includes property located at a higher elevation than any of the area previously served. Due to this fact and the lack of sufficient supply for the Arenal system and the rest of the Stinson Beach area, water is diverted from the streams previously mentioned that were formerly used only for irrigation of the ranch lands. Small diversion dams collect the water which is carried through some 5,600 feet of three-inch, four-inch, and six-inch pipe to the 50,000-gallon Highland tank. In addition, water from the same creek that supplies the lower Stinson Beach area is diverted at a higher elevation and carried to the Highland tank through approximately 2,800 feet of 3¼-inch and four-inch pipe. Property in the new subdivision will be supplied from this tank; but at the present time, the principal purpose of the stored water is to augment the Stinson Beach and Arenal supplies. This is accomplished by manually opening the valves connecting the Highland supply with the two systems.

D - FORMER PROCEEDINGS BEFORE THE COMMISSION

There follows a list of former proceedings before the Commission with a brief summary of their nature and disposition:

Application or Case No.	Decision Number	Date of Decision	Nature of Proceedings and Disposition
			Arenal Area
A-18403			A.H.Upton, owner, requested a certificate of public convenience and necessity and asked that rates be established for the Upton and Robinson Tracts.
	25330	11-7-32	Certificate was granted and rates were established.
C-3885			Seville Senning, et al, complained of sub-standard service and poor quality of the water supplied.
	28149	8-5-35	Dismissed with the recommendation that the people organize a new company and relieve Mr. Upton of his responsibility.
A-22594			Arenal Water Company requested permission to issue stock.
	31908	4-4-39	Authorization was granted.
A-22628			A.H.Upton requested permission to sell his system to Arenal Water Company.
	31909	4-11-39	Authorization was granted and method of payment provided.
A-23204			Arenal Water Company requested permission to increase rates and establish certain rules.
	32976	4-2-40	Requested rates and rules were not granted but revised rates and rules were authorized.

I - INTRODUCTION

Application or Case No.	Decision Number	Date of Decision	Nature of Proceedings and Disposition
			Stinson Beach Water Works
A-1961			S.H.Stinson, et al, owners requested that rates be set for Stinson Beach
	3000	12-24-15	Flat rates were established.
C-1465			M.A.Upton, et al, complainants asked the Commission to order Stinson Beach Water Works to serve the Robinson Tract.
	8170	10-1-20	Order was made as requested.
	8721	3-9-21	Reversed Decision No. 8170 and dismissed complaint.
A-7016			M.E.Stinson, et al, owner, requested that Stinson Beach rates be revised.
	10174	3-11-22	Meter rates and new flat rates were established; conditioned upon additional storage being provided. Rules for Extensions
A-8974			M.I.Skinner, part owner, requested permission to sell her interest to M.E.Stinson, et al, who requested authorization to raise funds by issuance of a note.
	12046	5-8-47	Both requests were granted.
A-24342			M.E.Stinson, et al, owners, requested that Stinson Beach rates be revised.
	35074	2-24-42	Separate meter and flat rates were authorized for temporary and permanent residents.
A-26217			M.E.Stinson, et al, sellers, and D.A.Nye and L.A.Marsh, buyers, asked authorization for transfer of Stinson Beach Water Works. Buyers asked permission to raise funds by issuance of a note. Any Rules for Extensions
	37172	7-11-44	Both requests were granted.

E - PRESENT RATES

Arenal Water Company

The rate schedule authorized in the Commission's Decision No. 32976 has been in effect since April of 1940 and is as follows:

Flat Rate

Annual charge, payable in advance, for water service rendered during the calendar year . . . . . $ 18.00

I - INTRODUCTION

Meter Rate

Minimum charge, payable in advance, entitling the consumer to 400 cubic feet of water in each month during the calendar year.	$ 18.00
For water used in excess of 400 cubic feet in any month, payable monthly, per 100 cubic feet.	.35

Stinson Beach Water Works

The rate schedule authorized for the previous owners in the Commission's Decision No.35074 and retained by the present owners as authorized in Decision No.37172 has been in effect since February of 1942 and is as follows:

Schedule No. 1

RATES FOR SUMMER RESORT AND NONPERMANENT CONSUMERS

Flat Rates

Classification	Per Year
Residence.	$ 15.00
Auxiliary cottage of three rooms or less on premises, each	3.00
Additional room in auxiliary cottage, each	1.00

The above annual charges are due and payable in advance upon the first day of each year.

Meter Rates

Annual Minimum Charge 5/8 inch meter	15.00

The above charge is payable in advance upon the first day of each year and entitles the consumer to 400 cubic feet of water each month during the calendar year. Additional water in excess of 400 cubic feet per month will be charged upon the following "Monthly Quantity Rates."

Monthly Quantity Rates:	Per Month
First 400 cubic feet - included in annual charge.	$ 0.20
Next 1,600 cubic feet, per 100 cubic feet.	.20
Over 2,000 cubic feet, per 100 cubic feet.	.15

Charges for meter use in excess of the minimum monthly quantity allowances set out above, will be billed monthly

Note: A consumer who resides in the service area throughout the year will be classified as a permanent consumer. A permanent consumer's status will be established after 12 consecutive months of residence in said area.

I - INTRODUCTION

Schedule No. 2

RATES FOR PERMANENT CONSUMERS

Flat Rates

Classification	Per Month
Residence	$ 1.25
Auxiliary cottage of three rooms or less on premises, each	.25
Additional room in auxiliary cottage, each	.10

Flat rates are payable in advance.

Meter Rates

Monthly Minimum Charge:	
Residence	$ 1.25
Monthly Quantity Rates:	
First 400 cubic feet or less	1.25
Next 1,600 cubic feet, per 100 cubic feet	.20
Over 2,000 cubic feet, per 100 cubic feet	.15

CHAPTER II

BALANCE SHEETS AND INCOME STATEMENTS

There follow the balance sheets and income statements of the Arenal Water Company and the Stinson Beach Water Works, taken from their 1946 reports to the Commission.

Balance Sheets, as of December 31, 1946

Accounts	Debits	Credits
Arenal Water Company		
Asset Accounts		
Fixed capital installed since 12-31-12	$ 8,051.63	
Cash and deposits	311.46	
Miscellaneous investments Don't Know.	700.00	
Total Assets	9,063.09	
Liability Accounts		
Capital stock		$ 3,200.00
Funded debt		1,500.00
Accounts with system corporations		972.90
Miscellaneous accounts payable		586.93
Reserve for accrued depreciation		1,847.24
Corporate surplus unappropriated		956.02
Total Liabilities		9,063.09
Stinson Beach Water Works		
Asset Accounts		
Fixed capital installed prior to 1-1-13	13,945.58	
Fixed capital installed since 12-31-12	6,166.76	
Cash	49.06	
Advances to system corporations	753.39	
Miscellaneous investments	32,000.00	
Total Assets	52,914.79	
Liability Accounts		
Investment		22,947.64
Funded debt		22,500.00
Accounts with system corporations		762.83
Miscellaneous accounts payable		500.00
Reserve for accrued depreciation		238.80
Income invested since 12-31-12 in fixed capital		5,965.52
Total Liabilities		52,914.79

Income Statements for 1946

Accounts	Amounts	Totals
Arenal Water Company		
Operating Revenues		
Flat rate	$1,836.01	
Total operating revenues		$ 1,836.01
Operating Expenses		
Source of water supply	765.55	
Repairs to system	285.05	
Collection and promotion of business	500.00	
General expense	205.22	
Taxes	269.97	
Depreciation	187.63	
Total operating expenses		2,213.42
Net operating revenues		(377.41)
Add		
Miscellaneous interest revenues	35.61	
Miscellaneous nonoperating revenues	30.27	
Total nonoperating revenues		65.88
Gross corporate income		(311.53)
Deduct		
Interest expenses	660.31	
Nonoperating taxes	288.41	
Total nonoperating revenue deductions		948.72
Balance for year carried to corporate deficit account		(1,260.25)
Stinson Beach Water Works		
Operating Revenues		
Flat rate	1,767.53	
Meter rate	331.44	
Total operating revenues		2,098.97
Operating Expenses		
Transmission and distribution expenses	992.78	
Repairs to system	1,078.81	
Collection and promotion of business	500.00	
General expense	201.66	
Taxes	225.29	
Depreciation	79.60	
Total operating expenses		3,078.14
Net operating revenues		(979.17)
Deduct		
Nonoperating taxes	202.58	
Interest on funded debt	570.31	
Total deductions		772.89
Balance for year carried to corporate deficit account		(1,752.06)

(Red Figure)

CHAPTER III

OPERATING REVENUES

A - SOURCE OF REVENUES

The operating revenues of both utilities are derived from the sale of water for domestic and commercial use. Most of the consumers are on flat rates as shown in the table in the following paragraph.

B - REPORTED REVENUES

The operating revenues and number of consumers shown by the utilities in past reports to the Commission are tabulated below:

Year	Consumers: Flat	Consumers: Meter	Revenues: Flat	Revenues: Meter	Revenues: Gross	Revenues: Net
			Arenal Water Company			
1942	82	-	$1359.50	-	$1359.50	329.29
1943	82	-	1867.70	-	1867.70	580.60
1944	80	-	1902.99	-	1902.99	531.00
1945	85	-	1507.99	-	1507.99	(97.48)
1946	100	-	1836.01	-	1836.01	(377.41)
1947	92	10	Not divided		1861.95*	(2370.94)*
			Stinson Beach Water Works			
1942	98	16	1624.75#	$	1692.90	1069.01
1943	98	13	1639.25#	286.43	1925.68	1175.84
1944	98	13	Not divided		1940.51	126.81
1945	96	17	1688.75#	306.29	1995.04	832.66
1946	97	17	1767.53#	331.44	2098.97	(979.17)
1947	94	27	1773.87*#	341.44*	2115.31*	(2600.74)*

(Red Figure)

* Estimated by applicant.
\# Includes minimum meter charges paid in advance.

C - ESTIMATED COMBINED REVENUES

The combined revenues that would be produced during the year 1947 and the immediate future under various present rates are shown in the following table as estimated by the Commission's engineers:

III OPERATING REVENUES

Assumed Rate	Estimated Revenues			
	Flat	Meter	Gross	Net
Total area under present Stinson Beach rates	$2,820	$1,220	$4,040	$ 150
Each area under its present rates	3,090	1,400	4,490	600
Total area under present Arenal rates	3,510	1,950	5,460	1,350

The foregoing estimates are based on the existing number of active flat rate and metered services on both areas and the corresponding charges applicable in each case, considering the trends indicated in the applicants' records for the first half of 1947. Considerable deviation from these estimates could occur, depending on how many additional services are metered in the future, which in turn will depend on what rate is established. Probably neither existing rate would be proper in the future due to the changes in the systems and their operations since these rate structures were established.

Some additional revenue could possibly be derived from fire hydrant rental if the mains were of adequate size to provide a suitable flow of water. The ability and willingness of the local fire district to pay the rental and bear part of the cost of added facilities will probably be discussed at the hearing on this application.

CHAPTER IV

OPERATING EXPENSES

A - RECORDED OPERATING AND MAINTENANCE EXPENSES

The operating and maintenance expenses as shown by the two companies in the past reports to the Commission are shown below:

Operating Expense	1942	1943	1944	1945	1946
	$	$	$	$	$
Arenal Water Company					
E1 to E7 Source of supply	266.34	462.07	611.07	663.42	765.55
E28 to E33 Repairs to system	9.71	300.00	-	522.78	285.05
E34 to E35 Collection & bus.prom.	-	-	-	-	500.00
E36 to E49 General expenses	432.68	155.83	354.09	64.12	205.22
E50 Taxes	173.84	221.24	258.87	167.52	269.97
E51 to E52 Depreciation,etc.	147.96	147.96	147.96	187.63	187.63
Total operating expenses	1,030.53	1,287.10	1,371.99	1,605.47	2,213.42
Stinson Beach Water Works					
E8 to E18 Pumping expense	-	-	40.60	-	-
E22 to E27 Transmission dist.	-	-	-	454.12	992.78
E28 to E33 Repairs to system	97.18	54.20	16.34	-	1,078.81
E34 to E35 Collection & bus.prom.	-	-	-	-	500.00
E36 to E39 General expenses	414.84	530.18	1,197.73	225.00	201.66
E50 Taxes	111.87	165.46	479.43	403.66	225.29
E51 to E52 Depreciation,etc.	-	-	79.60	79.60	79.60
Total operating expenses	623.89	749.84	1,813.70	1,162.38	3,078.14

B - OPERATING EXPENSES BY ACCOUNTS, YEAR 1946

An investigation was made by the Commission's engineers into the books and records of the two utilities to determine if all items of expense are proper charges, and also to ascertain the reasonableness of these charges. Although their books do not show the expenses by account numbers as segregated in the Commission's "Uniform Classification of Accounts," Table 1 following shows the figures used by them in arriving at the totals reported.

ARENAL WATER COMPANY
And
STINSON BEACH WATER WORKS

TABLE 1

Operating Expenses by Accounts Year 1946 - As Reported

Account		Amount	Total
	Arenal Water Company		
E- 1 to E- 7	Source of supply		
	Regular labor	$ 590.64	
	Casual labor	105.50	
	Withholding tax	69.41	$ 765.55
E-28 to E-33	Repairs to system		
	Materials	285.05	285.05
E-34 to E-35	Collection and business promotion		
	Amount set by company as fair compensation for management work done by D.A.Nye & assoc.	500.00	500.00
E-36 to E-49	General Expenses		
	Bookkeeper's salary	180.00	
	Miscellaneous office expenses	25.22	205.22
E-50	Taxes		
	Approx. ¼ of the taxes of the total watershed and ranch lands	200.00	
	Federal income tax	65.68	
	Social security taxes	4.29	269.97
E-51 to E-52	Depreciation		
	Straight line method	187.63	187.63
	Total Operating Expenses		2,213.42
	Stinson Beach Water Works		
E-22 to E-27	Transmission and distribution		
	Regular labor	422.64	
	Casual labor	492.50	
	State compensation insurance	77.64	992.78
E-28 to E-33	Repairs to system		
	Pipe from Calif.Corrugated Culvert Co.	464.24	
	Pipe,fittings,other materials	614.61	
	Miscellaneous supplies	14.96	
	Refund on pipe	(15.00)	1,078.81
E-34 to E-35	Collection and business promotion		
	Amount set by company as fair compensation for management work done by D.A.Nye and Assoc.	500.00	500.00
E-36 to E-49	General Expenses		
	Bookkeeper's salary	180.00	
	Miscellaneous office expense	21.66	201.66
E-50	Taxes		
	Approx. ¼ of the taxes on the total watershed and ranch lands	200.00	
	Unemployment insurance	9.00	
	Federal social security	16.29	225.29
E-51 to E-52	Depreciation		
	Straight line method	79.60	79.60
	Total Operating Expenses		3,078.14

(Red Figure)

IV - OPERATING EXPENSES

C - COMPANIES' ESTIMATED 1947 OPERATING EXPENSES

The following tabulation shows the estimated operating expenses for 1947 as shown in the application.

Expense	Arenal	Stinson Beach
Wages	$ 786.00	$ 924.00
Repairs and maintenance	450.00	1,100.00
Office expense	200.15	201.79
Compensation insurance	50.00	100.00
Supervision	1,000.00	1,000.00
Legal and auditing	250.00	250.00
Taxes	615.36	475.00
Interest	672.50	570.00
Depreciation	187.63	80.00
Miscellaneous	21.25	15.26
	4,232.89	4,716.05

4232.89
8948.94

D - OPERATING EXPENSES AS ADJUSTED FOR THE YEAR 1946 AND AS ESTIMATED FOR THE YEAR 1947 AND THE IMMEDIATE FUTURE

Included in the operating expenses listed by the utilities in their annual reports to the Commission were items that should have been charged as capital additions. This is also the case in their estimates of 1947 expenses. Charges for interest expense have also been included but, while this is proper for income tax purposes, such charges are not allowed in arriving at operating expenses for rate setting purposes.

Table 2 has therefore been prepared by the Commission's engineers to show the adjusted expenses for 1946, excluding taxes and depreciation, that are considered proper. An estimate of annual expenses that may reasonably be expected in the immediate future is also shown.

TABLE 2

ARENAL WATER COMPANY
And
STINSON BEACH WATER WORKS

OPERATING EXPENSES EXCLUDING
TAXES AND DEPRECIATION

Acc't. No.	Expense	Adjusted 1946 Expenses: Arenal	Stinson Beach	Combined Arenal & Stinson	Est. Exp. 1947 & Immed. Future: Comb. Arenal & Stinson
	Source of supply				
E-2	Labor	$ 45.00	$ 45.00	$ 90.00	$ 100
E-6	Repairs	-	-	-	20
	Total, Source of Supply	45.00	45.00	90.00	120
	Purification				
E-19	Labor	22.50	22.50	45.00	100
E-20	Supplies and expenses	-	-	-	100
	Total, Purification	22.50	22.50	45.00	200
	Transmission and Distribution				
E-23	Patrolling storage facilities	135.00	135.00	270.00	250
E-24	Meter department	45.00	51.00	96.00	120
E-25	Street department	45.00	45.00	90.00	100
E-27	Miscellaneous	120.00	90.00	210.00	200
E-28	Repairs to trans. mains	4.00	-	4.00	20
E-29	Repairs to tanks	-	89.88	89.88	60
E-30	Repairs to dist. mains	10.00	73.32	83.32	90
E-31	Repairs to services	63.77	77.60	141.37	140
	Total, Trans. and Dist.	422.77	561.80	984.57	980
	Commercial Expenses				
E-34	Collection, reading meters	22.50	22.50	45.00	50
	General and Miscellaneous				
E-36	*Salaries of general officers	400.00	400.00	800.00	800
E-37	Salaries of office clerks	180.00	180.00	360.00	360
E-38	Miscellaneous office supplies	25.22	21.66	46.88	60
E-40	Public Util. Comm. expense	25.00	25.00	50.00	50
E-44	Other General expenses	25.00	25.00	50.00	50
E-45	Insurance	80.24	80.24	160.48	200
	Total General & Miscell.	735.46	731.90	1,467.36	1,520

* Estimated amount to compensate owners for time spent by them and their employees including use of their cars and telephones, and other necessary personal expenses not detailed under other account numbers.

CHAPTER V

TAXES

The various taxes applicable to these utilities are levied by county, state, and federal authorities. The following summary of these taxes shows the amounts as adjusted for the year 1946 and as estimated for the year 1947 and the immediate future under combined operations:

Tax	Year 1946		Est. Year 1947 and Immediate Future Under Combined Oper.		
	Arenal Present Rate	Stinson Present Rate	All Under Stinson Rate	Each Area Under Its Pres. Rate	All Under Arenal Rate
County real estate*	$ 215.90	$ 215.90	$ 480	$ 480	$ 480
State corporation franchise	21.25	-	-	-	30
State unemployment	15.96	12.19	30	30	30
Federal social security	15.56	11.66	30	30	30
Federal income tax	65.68	-	-	-	190
Total taxes	334.35	239.75	540	540	760

* Taxes on total watershed and ranch lands tentatively divided as follows: 60% to ranch, 20% to Arenal, 20% to Stinson Beach.

CHAPTER VI

CAPITAL, DEPRECIATION, AND RATE BASE

A - FIXED CAPITAL AND DEPRECIATION

In February of 1940, a detailed appraisal was made by the Commission's engineering staff of all the facilities of the Arenal Water Company as they existed at that time. In September of 1941 a similar appraisal was made of the facilities of the Stinson Beach Water Works. These appraisals have been brought up to date for each system by correcting for additions and retirements made since the previous appraisals. These corrections were based on the recorded figures in the utilities' books, with various adjustments indicated from the recent field inspection of the physical properties involved.

Table 3 shows a detailed appraisal of each system, formulated as indicated above, and also shows the depreciation annuity and reserve requirement in each case.

The lands to be included in the fixed capital of these utilities consist of one 1.6-acre spring lot, two additional tank lots, and whatever portion of the ranch lands of Nye and Marsh that should properly be considered as needed for the development of water. At the time that this report was being prepared, the values of these parcels of land had not been estimated, so a separate report will be presented by E.P. McAuliffe of the Commission's Valuation Division for consideration at the public hearing.

The rate bases applicable to the two utilities therefore do not include the value of land, and will be lower than the proper rate base by whatever amount is found to be the fair value of the land involved. Included in each rate base is an amount deemed reasonable for materials and supplies needed to be kept on hand. Since most of the consumers pay their flat rate or minimum charges in advance, no allowance for working cash has been added.

TABLE 3

PUBLIC UTILITIES COMMISSION
STATE OF CALIFORNIA
APPRAISAL OF PROPERTIES

UTILITY Arenal Water Company
Stinson Beach Water Works
LOCATION Stinson Beach, Marin County

EFFECTIVE DATE September 1, 1947
FILE NO. A-28482 PAGE 1

75996 7-47 3M SPO

ACCT. NO.	DESCRIPTION	UNIT	QUANTITY	UNIT COST INSTALLED	ESTIMATED HISTORICAL COST			DEPRECIATION			
					WITHOUT OVERHEAD	OVERHEAD %	INCLUDING OVERHEAD	AGE	LIFE	EXPENSE	RESERVE REQUIREMENTS
	SUMMARY OF APPRAISAL										
	Arenal Water Company										
C-1	Organization						$ 400			$ -	$ -
C-5	Landed Capital						*			-	-
C-9	Intake Mains						327			5.99	16.48
C-11	Springs						150			4.53	33.79
C-16	Purification System						15			.36	2.32
C-17	Transmission Mains						4,170			62.76	227.46
C-18	Distribution Mains						2,634			36.51	880.77
C-19	Distribution Tanks						2,077			39.43	198.27
C-21	Services						911			19.07	307.41
C-22	Meters						258			3.19	5.97
C-23	Misc. Distribution Equipment						856			2.92	9.23
	Total Fixed Capital (excluding land)			Less ½ Highlands incl			11,828 4372 7,456 1411 6045*			174.76	1,681.70
	Stinson Beach Water Works										
C-5	Landed Capital									-	-
C-9	Intake Mains						1,120			16.74	344.71
C-11	Springs						145			4.38	5.17
C-16	Purification System						55			.90	38.65
C-17	Transmission Mains						2,929			40.36	136.96
C-18	Distribution Mains						11,777			169.87	1,705.68
C-19	Distribution Tanks						2,560			35.78	733.41
C-20	Hydrants						240			3.62	7.98
C-21	Services						1,450			21.21	274.52
C-22	Meters						413			6.22	169.97
C-23	Misc. Distribution Equipment						863			2.44	4.65
	Total Fixed Capital (excluding land)						21,552 4372 25,924			301.52	3,421.90
	* See report of Valuation Division.										

PUBLIC UTILITIES COMMISSION

STATE OF CALIFORNIA

APPRAISAL OF PROPERTIES

TABLE 3 45

UTILITY Arenal Water Company

LOCATION Stinson Beach, Marin County

EFFECTIVE DATE September 1, 1947.

FILE NO. A-28432 PAGE 2

75996 7-47 3M SPO

ACCT. NO.	DESCRIPTION	UNIT	QUANTITY	UNIT COST INSTALLED	ESTIMATED HISTORICAL COST			DEPRECIATION			
					WITHOUT OVERHEAD	OVERHEAD %	INCLUDING OVERHEAD	AGE	LIFE	EXPENSE	RESERVE REQUIREMENTS
				DETAILED APPRAISAL							
C-1	Organization	All	-	$ -	$ 400	-	$ 400	-	-	$ -	$ -
C-5	Landed Capital										
	To be presented in a separate report by the Valuation Division										
C-9	Intake Mains										
	3" G.I. fiber tubing from Laurence Dam to Sandy Dam	Ft.	1,100	.42	231*	15	259*	2	25	5.43*	11.13*
	2" SS galv.pipe from Arenal Spring to Arenal tank out	"	250	.27	68	-	68	8	40	.56	5.35
	Total Ac. C-9						327			5.99	16.48
C-11	Springs										
	Arenal Spring Intake	All	-	-	30	-	30	8	20	.91	8.69
	West Stinson Creek Intake (Laurence) out	"	-	-	15*	-	15*	2	20	.45*	.92*
	East Stinson Creek Intake (Sandy)	"	-	-	10*	-	10*	2	20	.30*	.62*
	Upper Fitzhenry Creek #2 Intake	"	-	-	15*	-	15*	1	20	.45*	.45*
	Arenal Spring fencing out.	"	-	-	80	-	80	8	20	2.42	23.11
	Total Ac. C-11						150			4.53	33.79
C-16	Purification System										
	Arenal settling box, rdwd. 4'x 6'x 3' out	All	-	10.00	10	-	10	8	25	.21	2.01
	Highland settling drum, 50 gal. galv.	"	-	10.00	5*	-	5*	2	20	.15*	.31*
	Total Ac. C-16						15			.36	2.32
	* One-half to Arenal, one-half to Stinson Beach						304*				

PUBLIC UTILITIES COMMISSION
STATE OF CALIFORNIA
APPRAISAL OF PROPERTIES

TABLE 3

UTILITY Arenal Water Company
LOCATION Stinson Beach, Marin County

EFFECTIVE DATE September 1, 1947
FILE NO. A-28482 PAGE 3

75996 7-47 3M SPO

ACCT. NO.	DESCRIPTION	UNIT	QUANTITY	UNIT COST INSTALLED	ESTIMATED HISTORICAL COST			DEPRECIATION			
					WITHOUT OVERHEAD	OVERHEAD %	INCLUDING OVERHEAD	AGE	LIFE	EXPENSE	RESERVE REQUIREMENTS
C-17	Transmission Mains										
	6" #14 ga. dipped steel pipe, from Highland tank to Arenal tank out	Ft.	400	$ .50	$ 100*	12	$ 112*	3	30	$ 1.69*	$ 5.33*
	4" #16, 14, 12 ga. dipped steel pipe, Sundy Dam to Highland tank	"	2,500	.40	500*	12	560*	3	30	8.43*	26.58*
	4" #14 ga. dipped steel pipe, Sundy Dam to Highland tank	"	1,023	.52	266*	12	298*	3	30	4.49*	14.15*
	4" #14 ga. dipped steel pipe, Sundy Dam to Highland tank	"	1,500	.38	285*	12	319*	2	30	4.80*	9.84*
	4" #12 ga. double-wrapped steel pipe from Arenal tank to sandspit, Contract	"	860	.60	516	12	516	8	30	7.77	74.20
	4" #14 ga. dipped steel pipe from Highland tank to Arenal tank out	"	500	.38	190	12	213	1	30	3.20	3.20
	4" #14 ga. dipped steel pipe from Highland tank to Arenal tank out	"	1,000	.52	520	12	582	1	30	8.76	8.76
	4" #14 ga. dipped steel pipe from Upper Fitzhenry #2 intake to Highland tank	"	393	.40	79*	12	88*	1	30	1.32*	1.32*
	3½" O.D. blk. casing from Upper Fitzhenry #2 intake to Highland tank	"	2,200	.50	550*	12	616*	1	30	9.27*	9.27*
	2" SS galv. pipe connecting Arenal and Stinson Beach systems	"	1,222	.42	513xx	12	575	7	30	8.65	70.43
	1½" SS galv. pipe from Highland tank to Arenal tank out	"	1,000	.26	260	12	291	1	30	4.38	4.38
	Total Ac. C-17						4,170			62.76	227.46

* ½ to Arenal, ½ to Stinson Beach.

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PUBLIC UTILITIES COMMISSION
STATE OF CALIFORNIA
APPRAISAL OF PROPERTIES

TABLE 3

UTILITY Arenal Water Company
LOCATION Stinson Beach, Marin County

EFFECTIVE DATE September 1, 1947
FILE NO. A-28482 PAGE 4

75996 7-47 3M SPO

ACCT. NO.	DESCRIPTION	UNIT	QUANTITY	UNIT COST INSTALLED	ESTIMATED HISTORICAL COST WITHOUT OVERHEAD	OVERHEAD %	ESTIMATED HISTORICAL COST INCLUDING OVERHEAD	DEPRECIATION AGE	LIFE	EXPENSE	RESERVE REQUIREMENTS
C-18	Distribution Mains										
	4" #12 ga. double-wrapped steel pipe, contract job	Ft.	2,300	$ .60	$ 1,380	-	$ 1,380	8	35	$ 15.28	$ 145.91
	2" SS galv. pipe	"	40	.36	14	10	15	8	35	.17	1.62
	2" SS blk. pipe	"	220	.36	79	10	87 X	24	25	1.82 X	80.99 X
	1½" SS galv. pipe	"	455	.26	118	10	130	8	30	1.96	18.72
	1" " " "	"	1,860	.28	521	10	573 X	24	30	8.62 X	383.61 X
	¾" " " "	"	150	.26	39	12	44	1	30	.66	.66
	½" " " "	"	185	.24	44	10	48 X	17	30	.72 X	18.61 X
	1" " " "	"	160	.20	32	12	36	3	25	.75	2.36
	3/4" " " "	"	310	.18	56	10	62 X	17	25	1.30 X	33.59 X
	3/4" " " "	"	825	.20	165	10	182 X	24	25	3.81 X	169.55 X
	3/4" " " "	"	230	.17	39	12	44	3	25	.92	2.90
	Misc. valves and fittings	All	-	-	30	10	33 X	24	30	.50 X	22.25 X
	Total Ac. C-18						2,634 985			36.51	880.77
							911 X			16.71 X	708.57 X
						10%	3545				
C-19	Distribution Tanks										
	30,000-gallon redwood Arenal tank, reconditioned, including outlet valve, roof and ladder, contract job	All	-	-	470 X	-	470	8	20	14.21	135.69
	Foundation, lumber, labor, hauling and painting, contract job	All	-	-	395 X	-	395	8	35	4.37	41.73
	50,000-gallon redwood Highland tank, contract job	All			993*	-	993*	1-	35	10.99*	10.99*
	Concrete foundation for tank	"			154*	10	169*	1	50	.81*	.81*
	Original painting of tank	"			45*	10	50*	1	5	9.05*	9.05*
	Total Ac. C-19						2,077			39.43	198.27

* ½ to Arenal, ½ to Stinson Beach.

Prior (X) 1940 appraised

PUBLIC UTILITIES COMMISSION
STATE OF CALIFORNIA
APPRAISAL OF PROPERTIES

TABLE 3

UTILITY Arenal Water Company
LOCATION Stinson Beach, Marin County

EFFECTIVE DATE September 1, 1947
FILE NO. A-28482 PAGE 5

75996 7-47 3M SPO

ACCT. NO.	DESCRIPTION	UNIT	QUANTITY	UNIT COST INSTALLED	ESTIMATED HISTORICAL COST			DEPRECIATION			
					WITHOUT OVERHEAD	OVERHEAD %	INCLUDING OVERHEAD	AGE	LIFE	EXPENSE	RESERVE REQUIREMENTS
C-21	Services										
	3/4" SS galv. pipe and fittings	Ea.	19	$ 7.25	$ 138	10	$ 152	24	25	$ 3.18	$ 141.52
	3/4" " " " " "	"	20	6.90	138	10	152	17	25	3.18	82.17
	3/4" " " " " "	"	10	6.90	69	10	76	12	25	1.59	25.31
	3/4" " " " " "	"	10	6.90	69	10	76	10	25	1.59	20.00
	3/4" " " " " "	"	11	7.00	77	10	85	8	25	1.78	17.00
	3/4" " " " " "	"	12	9.00	108	10	119	5	25	2.49	13.76
	3/4" " " " " "	"	11	11.00	121	10	133	2	25	2.79	5.72
	3/4" " " " " "	"	7	12.00	84	10	92	1	25	1.93	1.93
	3/4" " " " " "	"	2	12.00	24	10	26	0	25	.54	-
	Total Ac. C-21		102				911			19.07	307.41
C-22	Meters										
	5/8x3/4 Empire Streamlined	Ea.	9	15.78	142	10	156	1	30	2.35	2.35
	2" Trident, Style 3	"	1	93.20	93	10	102	4	40	.84	3.62
	Total Ac. C-22						258			3.19	5.97
C-23	Misc. Distribution Equipment										
	Road to the east of Highland tank	Ft.	2,000	.11	110*	10	121*	1	60	.34*	.34*
	Road from Highland tank to Sandy Dam	"	4,500	.30	675*	10	742*	2	60	2.10*	4.31*
	8" galv. corrug. culvert #16 ga. asphalt dipped, located under County Rd. below Avenal tank	"	22	1.06	23	-	23	8	25	.48	4.58
	Total Ac. C-23						886			2.92	9.23

* ½ to Arenal, ½ to Stinson Beach.

Total

863
4372*
x1441 5430/720

2631/47
110

x97757
1108

APPRAISAL OF PROPERTIES

STATE OF CALIFORNIA

PUBLIC UTILITIES COMMISSION

UTILITY _____ LOCATION _____

FILE NO. _____ PAGE _____

EFFECTIVE DATE _____

ACCT. NO.	DESCRIPTION	UNIT	QUANTITY	INSTALLED COST UNIT	ESTIMATED HISTORICAL COST: WITHOUT OVERHEAD	% HEAD OVER.	ESTIMATED HISTORICAL COST: INCLUDING OVERHEAD	DEPRECIATION: AGE	LIFE	EXPENSE	RESERVE REQUIRE. MENTS

PUBLIC UTILITIES COMMISSION

STATE OF CALIFORNIA

APPRAISAL OF PROPERTIES

TABLE 3

UTILITY Stinson Beach Water Works

LOCATION Stinson Beach, Marin County

EFFECTIVE DATE September 1, 1947

FILE NO. A-28482 PAGE 6

75996 7-47 3M SPO

ACCT. NO.	DESCRIPTION	UNIT	QUANTITY	UNIT COST INSTALLED	ESTIMATED HISTORICAL COST			DEPRECIATION			
					WITHOUT OVERHEAD	OVERHEAD %	INCLUDING OVERHEAD	AGE	LIFE	EXPENSE	RESERVE REQUIREMENTS
C-5	Landed Capital										
	To be presented in a separate report by the Valuation Division										
C-9	Intake Mains										
	4" SS galv. pipe at Lower Fitzhenry intake	Ft.	292	$ .97	$ 283	12	$ 317	38	40	$ 2.62	$ 282.20
	3" " " " " " " "	"	20	.35	7	12	8	38	40	.07	7.54
	3" steel pipe between Fitzhenry intakes #1 and #2 (Robinson Well to Pt.)	"	700	.53	371	12	416?	1	30	6.26	6.26
	3" G.E. fiber tubing from Lawrence dam to Sandy dam	"	1,100	.42	231*	12	259* ø	2	25	5.43*	11.13*
	2" SS galv. recl. pipe at Fitzhenry ~~#1~~ intake (Out)	"	135	.30	40	-	40?	1	20	1.21	1.21
	1" SS galv. pipe at Fitzhenry #1 intake (Out)	"	151	.23	35	12	39?	1	25	.82	.82
	4" SS gate valve	Ea.	1	14.00	14	10	15	38	40	.12	12.93
	4" gate valve	"	2	10.00	20	10	22	38	40	.18	19.39
	4" air valve	"	2	2.00	4	10	4	38	40	.03	3.23
	Total Ac. C-9						1,120			16.74	344.71

* ½ to Avenal, ½ to Stinson Beach.

416
79
$495
576

PUBLIC UTILITIES COMMISSION
STATE OF CALIFORNIA
APPRAISAL OF PROPERTIES

TABLE 3

UTILITY Stinson Beach Water Works
LOCATION Stinson Beach, Marin County

EFFECTIVE DATE September 1, 1947
FILE NO. A-28482 PAGE 7 3 1944

75996 7-47 3M SPO

ACCT. NO.	DESCRIPTION	UNIT	QUANTITY	UNIT COST INSTALLED	ESTIMATED HISTORICAL COST			DEPRECIATION			
					WITHOUT OVERHEAD	OVERHEAD %	INCLUDING OVERHEAD	AGE	LIFE	EXPENSE	RESERVE REQUIREMENTS
C-11	Springs										
	Lower ~~Fitzhenry #2~~ Easkoot intake	All	-	$ -	$ 30	-	$ 30	1	20	$ .91	$ .91
	Fitzhenry #1 intake and springs out	"	-	-	35	-	35 ?	1	20	1.06	1.06
	Upper Fitzhenry #2 intake	"	-	-	15*	-	15* ϕ	1	20	.45*	.45*
	West Stinson Creek intake (Lawrence)	"	-	-	15*	-	15* ϕ	2	20	.45*	.92*
	East Stinson Creek intake (Sundy)	"	-	-	10*	-	10* ϕ	2	20	.30*	.62*
	Fencing at east springs out	"	-	-	40	-	40 ?	1	20	1.21	1.21
	Total Ac. C-11						25 145			4.38	5.17
C-16	Purification System										
	1,100-gallon redwood settling tank	All	-	45.00	45	10	50 ^ X	26	30	.75	38.34
	Highland settling drum, 50-gallon galv.	"	-	10.00	5*	-	5* ϕ	2	20	.15*	.31*
	Total Ac. C-16 at E. Stinson						55			.90	38.65
C-17	Transmission Mains										
	6" #14 ga. dipped steel pipe from Highland tank to Arenal tank out	Ft.	~~400~~	.50	100*	12	112* out	3	30	1.69*	5.33*
	4" #16, 14, 12 ga. dipped steel pipe, Sundy dam to Highland tank	"	2,500	.40	500*	12	560* ϕ	3	30	8.43*	26.58*
	4" #14 ga. dipped steel pipe, Sundy dam to Highland tank	"	1,023	.52	266*	12	298* ϕ	3	30	4.49*	14.15*
	4" #14 ga. dipped steel pipe, Sundy dam to Highland tank	"	1,500	.36	285*	12	319* ϕ	2	30	4.80*	9.84*
	4" #12 ga. dipped and wrapped steel pipe from Lower Fitzhenry to S.B. tank	"	1,020	.82	836	12	936	6	35	10.36	70.47
Easkoot	4" #14 ga. dipped steel pipe from Upper ~~Fitzhenry #2~~ intake to Highland tank	"	393	.40	79*	12	88* ϕ	1	30	1.32*	1.32*
	3½" O.D. blk. casing from Upper Fitzhenry #2 intake to Highland tank	"	2,200	.50	550*	12	616* ϕ	1	30	9.27*	9.27*
	Total Ac. C-17		~~2593~~				2,929			40.36	136.96

* ½ to Arenal, ½ to Stinson Beach.

PUBLIC UTILITIES COMMISSION

STATE OF CALIFORNIA

APPRAISAL OF PROPERTIES

TABLE 3

UTILITY Stinson Beach Water Works

LOCATION Stinson Beach, Marin County

EFFECTIVE DATE September 1, 1947

FILE NO. A-28462 PAGE 8

75996 7-47 3M SPO

ACCT. NO.	DESCRIPTION	UNIT	QUANTITY	UNIT COST INSTALLED	ESTIMATED HISTORICAL COST			DEPRECIATION			
					WITHOUT OVERHEAD	OVERHEAD %	INCLUDING OVERHEAD	AGE	LIFE	EXPENSE	RESERVE REQUIREMENTS
C-18	Distribution Mains										
	6" steel pipe including all fittings	Ft.	5,185	$ 1.45	$ 7,518	12	$ 8,420	1	30	$ 126.73	126.73
	4" pipe	"	480	.55	264	12	296	4	30	4.46	19.22
	2" SS galv. pipe	"	475	.38	181	12	203	1	35	2.25	2.25
	2" " " "	"	120	.19	23	12	26	38	35	-	26.00
	2" " blk. "	"	2,380	.30	714	12	800	26	30	12.04	615.41
	2" " " "	"	1,445	.22	318	12	356	24	30	5.36	238.53
	2" " " "	"	520	.38	198	12	222	8	30	3.34	31.89
	2" " galv. "	"	505	.37	187	12	209	6	35	2.31	15.71
	1½" " " "	"	430	.18	77	12	86	38	35	-	86.00
	1½" " blk. "	"	320	.25	80	12	90	8	25	1.89	18.05
	1½" " galv. "	"	60	.29	17	12	19	6	35	.21	1.43
	1½" " " "	"	100	.30	30	12	34	2	35	.38	.76
	1½" " " "	"	100	.30	30	12	34	1	35	.38	.38
	1" " " "	"	1,650	.11	182	12	204	38	35	-	204.00
	1" " blk. "	"	330	.18	59	12	66	8	25	1.38	13.18
	1" " " "	"	700	.19	133	12	149	7	25	3.12	25.40
	1" " " "	"	400	.15	60	12	67	7	25	1.40	11.40
	3/4" " galv. "	"	895	.09	81	12	91	38	35	-	91.00
	3/4" " " "	"	115	.16	18	12	20	30	35	.22	14.62
	3/4" " " "	"	90	.17	15	12	17	29	35	.19	11.84
	3/4" " " "	"	500	.18	90	12	101	28	35	1.12	65.41
	3/4" " " "	"	290	.17	49	12	55	21	35	.61	21.79
	3/4" " " "	"	805	.15	121	12	136	12	35	1.51	24.03
	2" " brass gate valves	Ea.	2	2.60	5	10	6	32	35	.07	5.27
	2" " " " "	"	7	5.00	35	10	39	27	35	.43	23.51
	2" " iron " "	"	6	4.00	24	10	26	16	30	.39	9.23
	1" " brass " "	"	1	2.00	2	10	2	27	30	.03	1.64
	1" " iron " "	"	3	1.00	3	10	3	16	30	.05	1.18
	Total Ac. C-18						11,777			169.87	1,705.88

PUBLIC UTILITIES COMMISSION
STATE OF CALIFORNIA
APPRAISAL OF PROPERTIES

TABLE 3

UTILITY Stinson Beach Water Works
LOCATION Stinson Beach, Marin County

EFFECTIVE DATE September 1, 1947
FILE NO. A-28462 PAGE 9

75996 7-47 3M SPO

ACCT. NO.	DESCRIPTION	UNIT	QUANTITY	UNIT COST INSTALLED	ESTIMATED HISTORICAL COST			DEPRECIATION			
					WITHOUT OVERHEAD	OVERHEAD %	INCLUDING OVERHEAD	AGE	LIFE	EXPENSE	RESERVE REQUIREMENTS
C-19	**Distribution Tanks**										
	50,000-gallon redwood Stinson Beach tank with concrete footings and wood cover	All			$ 1,348	-	$ 1,348 XX	25	35	$ 14.93	$ 712.56
	50,000-gallon redwood Highland tank	"			993*	-	993*	1	35	10.99*	10.99*
	Concrete foundation for Highland tank	"			154*	10	169*	1	50	.81*	.81*
	Original painting of Highland tank	"			45*	10	50*	1	5	9.05*	9.05*
	Total Ac. C-19						2,560			35.78	733.41
C-20	**Hydrants**										
	2" Wharf type fire hydrants	Ea.	1	$ 20.00	20	10	22 XX	11	30	.33	4.69
	2½" x 2½" wharf type fire hydrants	"	11	18.00	198	10	218	1	30	3.29	3.29
	Total Ac. C-20						240			3.62	7.98
C-21	**Services**										
	1" services (must serve 2 lots each)	Ea.	38	14.20	540	10	594	0	30	8.94	-
	3/4" services	"	14	2.65	37	10	41	38	30	-	41.00
	3/4" "	"	8	4.75	38	10	42	29	30	.63	39.26
	3/4" "	"	9	5.75	52	10	57	28	30	.86	50.23
	3/4" "	"	7	4.50	32	10	35	27	30	.53	28.97
	3/4" "	"	47	5.00	235	10	259	16	30#	3.90	92.26
	3/4" "	"	30	10.00	300	10	330	4	30#	4.97	21.42
	3/4" "	"	7	12.00	84	10	92	1	30	1.38	1.38
	Total Ac. C-21		122				1,450			21.21	274.52

1450
594
856
3357
4213
$34.80/customer

* ½ to Arenal, ½ to Stinson Beach.
# Average age.

PUBLIC UTILITIES COMMISSION
STATE OF CALIFORNIA
APPRAISAL OF PROPERTIES

TABLE 3

UTILITY Stinson Beach Water Works
LOCATION Stinson Beach, Marin County

EFFECTIVE DATE September 1, 1947
FILE NO. A-28482 PAGE 10

75996 7-47 3M SPO

ACCT. NO.	DESCRIPTION	UNIT	QUANTITY	UNIT COST INSTALLED	ESTIMATED HISTORICAL COST			DEPRECIATION			
					WITHOUT OVERHEAD	OVERHEAD %	INCLUDING OVERHEAD	AGE	LIFE	EXPENSE	RESERVE REQUIREMENTS
C-22	Meters										
	5/8 x 3/4 National meters	Ea.	15	$ 13.67	$ 205	10	$ 226 XX	25	30	$ 3.40	$ 162.27
	5/8 x 3/4 Dixie meters	"	2	6.00	12	10	13 XX	22	30	.20	7.70
	5/8 x 3/4 Empire Streamlined	"	10	15.78	158	10	174	0	30	2.62	-
	Total Ac. C-22						413 739			6.22	169.97
C-23	Misc. Distribution Equipment										
	Road to east of Highland tank	Ft.	2,000	.11	110*	10	121*	1	60	.34*	.34*
	Road from Highland tank to Sandy dam	"	4,500	.30	675*	10	742*	2	60	2.10*	4.31*
	Total Ac. C-23						863			2.44	4.65

* ½ to Arsenal, ½ to Stinson Beach.

VI - CAPITAL, DEPRECIATION, AND RATE BASE

Item	1946		1947		
	Arenal	Stinson	Arenal	Stinson	Total
Fixed capital (excluding land)	$8,398	$9,165	$11,828	$21,552	$33,380
Add for materials and supplies	250	250	250	250	500
Deduct for advances	-	-	-	6,410	6,410
Rate base (excluding land)	8,648	9,415	12,078	15,392	27,470

If under future combined operations sufficient charges are not collected in advance, an additional amount should be added to the combined rate base to allow for working cash.

All of the distribution facilities in the Stinson Beach Highlands that are not used for carrying water to the rest of the system have been excluded from the rate bases. This was done for the reason that under standardized subdivision rules, the subdivider would be required to advance the cost of the installation, which would gradually have been refunded to the subdivider and added to the rate base of the utility as the amount of revenue derived from the subdivision by the utility increased. The portion of these advances not yet refunded would be deducted from the rate base as an "advance in aid of construction" and is so treated here. This deduction will be reduced over a period of years as the number of consumers in the subdivision increases.

CHAPTER VII

RATE OF RETURN

The results of operations, as adjusted for the year 1946 and as estimated for the year 1947 and the immediate future under various indicated rates are summarized in the tabulation below:

Item	Year 1946		Est. Year 1947 and Immediate Future Under Combined Oper.		
	Arenal Present Rate	Stinson Present Rate	All Under Stinson Rate	Each Area Under Its Pres. Rate	All Under Arenal Rate
Operating Revenues					
Metered service	$ -	$ 331.44	$1,220	$1,400	$1,950
Flat rate service	1,836.01	1,767.53	2,820	3,090	3,510
Total	1,836.01	2,098.97	4,040	4,490	5,460
Operating Expenses					
Source of supply	45.00	45.00	120	120	120
Purification	22.50	22.50	200	200	200
Trans. and distribution	422.77	561.80	980	980	980
Commercial	22.50	22.50	50	50	50
General and miscellaneous	735.46	731.90	1,520	1,520	1,520
Taxes	334.35	239.75	540	540	760
Depreciation	174.76	301.52	480	480	480
Total	1,757.34	1,924.97	3,890	3,890	4,110
Net Operating Revenue	78.67	174.00	150	600	1,350
Undepreciated Rate Base*	8,648	9,415	27,470	27,470	27,470
Rate of Return*	0.9%	1.8%	0.5%	2.2%	4.9%

* As mentioned before, the rate base and rate of return do not take into consideration the value of land, since this figure was not available at the time of preparing this report. The rates of return shown above will be higher than the correct value due to this exclusion.

CHAPTER VIII

SERVICE, RATES AND RECOMMENDATIONS

A - SUPPLY

Since additional creeks and springs have been developed as sources of supply, the present total service area should be assured of an ample supply of water for several years to come, unless an unprecedented expansion in the area occurs.

B - STORAGE

The available storage of 50,000 gallons in the Highland tank has been and will be a great aid in keeping the two systems operating during periods of heavy demand. There is not sufficient storage to allow for a prolonged period of excess use but, with careful supervision, the present total storage should prove adequate for the existing service area. It would be a relatively simple and inexpensive job to make the filling of the tanks automatic so they would be full at the beginning of each period of heavy demand without the careful watching and manual operation of valves now required.

Since the ranch owners now dedicate the new sources of water to public use, only surplus water that would otherwise overflow the tanks and be wasted should be used by the owners for irrigation or other private use. The owners' irrigation piping could be arranged to be supplied from an overflow pipe at the top of Highland tank thereby making it impossible for the ranch accidentally to use the public water supply for private purposes.

C - DISTRIBUTION

The mains in most of the Arenal system and in the new subdivision in the Stinson Beach area are of adequate capacity; but in the older portion of the Stinson Beach system, many of the consumers complain of extremely low pressure during peak load hours. Some of the residents have stated that at times no water at all is available.

This poor supply condition is due principally to the long lines of small pipe in the distribution system, aggravated by the fact that some of it is so old that the flow is greatly restricted by the roughness of the inside of the pipe and the reduced inside diameter. To correct this condition completely would require the eventual replacement and enlargement of over

half of the mains in the older portion of the Stinson Beach system. For the present however, one main six-inch feeder, approximately 1,500 feet in length extending from the intersection of Buena Vista and Laurel Avenues down the hill to the center of town, would correct the main deficiencies in the system and provide for some badly needed fire protection. Later on, a larger supply line should be installed from the tank down to Buena Vista Avenue and all the undersized and ancient piping in the system replaced, including many service connections.

Since a private water utility can not be expected to install facilities for fire protection without remuneration in some form from the fire district involved, it is recommended that the management and the proper fire district officials discuss the possibilities of payment for the installation of and service to hydrants.

D - PRESSURE ZONES

The system as it now exists does not provide sufficient pressure to serve adequately the highest portion of the old Stinson Beach area consisting of Block 12 of Subdivision 2, and being only from ten to 40 feet lower than the tank. On the other hand, the lower portion of the new subdivision will receive an abnormally high pressure from Highland tank. The total area should therefore be zoned so as to supply the highest areas from the top tank and the lower areas from the bottom tank. A pressure regulator could be installed between the two systems at their junction within the new subdivision to help maintain an adequate pressure in the upper end of the low system.

E - QUALITY OF WATER

The watershed lands are reasonably well isolated from dangerous contamination of the water, but samples of water tested in the past by the Marin County Health Department have shown a high "B Coli" count, presumably from harmless sources. However, when or if the two systems are combined, thereby serving more than 200 consumers by one utility, the resulting consolidation will be brought under the jurisdiction of the California Department of Public Health. That department has in similar instances required the installation and use of purification apparatus.

VIII - SERVICE, RATES AND RECOMMENDATIONS

F - RATES AND RULES

Thirty-five consumers in the Arenal area have signed a complaint, (Case No. 4898), charging that the rates in that area are discriminatory and excessive, and were established under such different conditions than now exist as to make them improper. They state that this excessive rate has retarded the normal growth of the community and therefore request that, since the Arenal Water Company and Stinson Beach Water works are virtually being operated as one system under the common control of Nye and Marsh, a hearing be had for the purpose of setting proper rates for the area. Since the utilities' application parallels the request made by the complainants, the two matters will be combined for hearing.

As a result of interviews with several consumers in the Arenal area, it appears that the main objection these residents have is to the rate of 35 cents per hundred cubic feet now applicable to metered use in excess of 400 cubic feet per month. This rate now only affects the nine consumers in the Arenal area with metered services, but the fear was expressed by several others that more meters would be installed by the company.

Also, some of the residents in the Stinson Beach area fear that the Arenal rate would automatically apply to the entire area upon consolidation of the two systems. Mr. Nye has informed the Commission that he intends to credit the Arenal consumers with the savings, if any, that would have resulted had the new rate to be established been effective during all of 1947.

The present Arenal rates make no provision for a different method of payment by permanent residents. The Stinson Beach rates require yearly payments in advance only from nonpermanent residents, although most of the permanent residents pay a year in advance anyway, either for convenience or due to not being aware of the provisions in the filed rates.

Some of the utilities' rules are out of date, and should be revised to conform to present accepted standards. Some circumstances, such as the installation of piping in new subdivisions, are not covered at all by the existing rules.

G - BOOKS AND RECORDS

Due to the fact that the two water companies are under the same ownership as the Stinson Beach Highlands and the remainder of the original Stinson Ranch, there is considerable confusion in the entry of capital

expenditures in their various books. There is also a lack of discrimination between "operating expenses" and "capital additions," which tends to distort the results of operations as reported by the two utilities. Whether the requested consolidation is made or not, their books should be set up in such a manner as to permit accurate annual reports to be filed. The Commission's staff will render whatever assistance is possible in this revision, and the consolidation of the two systems would afford a good starting point for a revision of this kind and eliminate the difficulties in keeping a proper accounting in two separate sets of books.

55751

Decision No. 41298

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

EMIL POHLI, LILLIAN RUSSELL, WILLIAM D. CURR, FRANK DESOTO, CARLTON B. EIFERT, MRS. F.G.YOUNG, O. B. CAVANAUGH, CAROLYN E. VAN VUREN, W. H. O'NEIL, MYRTLE DAVIDSON, DOMINIC POLITEO, CLAYTON L. DREW, T. D. SPARKE, J. JAMES, GEORGE L. EDDY, WILLIAM T. MOSGROVE, A. A. EUSTIS, HUGHES BREWSTER, C. F. SUNDY, J. W. FALLON, K. J. DEISSLER, GERTRUDE WAKEHAM, JOHN GOWLAND, HELEN J. FRINK, ORAN A. JENKINS, C. F. TOLAND, ELIZABETH A. CREWS, R. D. SCOFIELD, ROBERT BOTTINI, CHARLES T. DODGE, FRITZ POULSEN, E. A. STAINTON, OSCAR R. ADOLFSON, E. C. STEELE, J. P. SELLMER, Complainants, vs. ARENAL WATER COMPANY, A CORPORATION, Defendant.	CASE No. 4898
In the Matter of the Application of DOUGLAS A. NYE and LUCIEN A.MARSH, as Sellers, and ARENAL WATER COMPANY, as Buyer, for an order (a) authorizing the sale and transfer of the water system owned by the former to the latter; and (b) authorizing the latter to increase its rates for operations conducted under the consolidated system.	Application No. 28482.

Frank Loughran, For Complainants in Case No. 4898; and for Protestants in Application No.28482.

Reginald L. Vaughan, For Arenal Water Company, Defendant in Case No. 4898, and For Douglas A. Nye and Lucien A. Marsh, and Arenal Water Company in Application No.28482.

O P I N I O N

Emil Pohli and 34 other consumers of the Arenal Water Company, a corporation, in Case No. 4898, complain that the rates now charged by Arenal Water Company are excessive, unreasonable and discriminatory, by reason of the following allegations:

(1) At the time the present rates were established, the system was owned by a group of local water users, an adequate water supply was not available, and the rates set by the Commission included revenue sufficient to enable the utility to make certain improvements and in addition to purchase water from an exceedingly expensive private source in order to meet the demand;

(2) Since said rates were established, the control of Arenal Water Company was purchased by Douglas A. Nye and Lucien A. Marsh, who are also the owners of the Stinson Beach Water Works, a public utility operating in adjacent territory which delivers water to its customers at a lower rate than charged by the Arenal Water Company;

(3) The defendant utility is now serving its Arenal consumers with water supplied by the Stinson Beach Water Works and the two utilities are now being operated as a single system;

(4) Factors resulting in the establishment of the present rates no longer apply, so the consumers of the Arenal system are being discriminated against to the extent that the rates charged by the defendant exceed those charged consumers served by the Stinson Beach Water Works;

(5) This discrimination is retarding the growth of the Arenal area.

Arenal Water Company in its answer enters a general denial that the rates now charged are excessive, unreasonable, or discriminatory, and alleges that said rates are non-compensatory and are unduly and unreasonably low.

Application No. 28482 was filed jointly by Douglas A. Nye and Lucien A.Marsh, copartners, doing business as Stinson Beach Water Works, and Arenal Water Company, a corporation, asking the Commission to authorize the sale and transfer of Stinson Beach Water Works properties to the Arenal Water Company, a corporation, and to establish an increased schedule of rates for the operation of the consolidated system which will return the cost of operations, allow a reasonable profit on the investment, and permit the installation of additional storage and other facilities.

Public hearings in these matters were held in Stinson Beach before Examiner MacKall.

The area served by the Arenal Water Company consists of two subdivisions known as the Robinson and Upton Tracts, located along the ocean beach and sand spit, northwesterly from and adjacent to Stinson Beach. A certificate of public convenience and necessity to serve this area was granted to Mr. A. H. Upton in Decision No. 25330, dated November 7, 1932. The Commission authorized the Arenal Water Company to issue stock in Decision No. 31908, dated April 4, 1939, and in Decision No. 31909, dated April 11, 1939, granted said A. H. Upton permission to sell and Arenal Water Company to purchase all of the usable facilities of the Upton water system.

The water supply for Arenal Water Company was obtained originally from wells, thereafter from springs, augmented by purchase from the Kent Estate. The present operators, Nye and Marsh, acquired the stock of the Arenal Water Company and took over operation of the system in 1945. The water supply from the Arenal spring was inadequate and most of the water now comes from the Stinson Beach Water Works system. There are 102 services in the Arenal area, nine being metered.

The service area of the Stinson Beach Water Works adjoins the territory served by the Arenal Water Company. Most of the former service area was subdivided prior to 1906 from parcels of the Stinson Ranch. Stinson Beach Highlands, however, only recently was subdivided and developed by Nye and Marsh, but is located generally at a higher elevation than the rest of the service area.

The water system supplying Stinson Beach proper was installed originally in 1906 and 1907 by A. H. Stinson. Various members of the Stinson family have operated the waterworks from time to time but no adequate improvements ever have been made. Nye and Marsh purchased the Stinson Ranch, which included the water system, in 1944. The only improvements made by these new owners to the old water system arises through development of additional water and storage primarily to provide water to the new Stinson Beach Highlands subdivision. The water from these new sources is delivered into a storage tank located above the Highland area, and serves the new subdivision and, in addition, augments the Arenal and Stinson Beach water supplies. There are 121 services in the Stinson Beach area, of which only 27 are metered.

Mr. Douglas A. Nye, testifying in behalf of both water utilities, stated that he and his partner, Mr. Lucien A. Marsh, have invested approximately $16,000 since acquiring the two water systems, resulting in a total investment of $33,000 therein at the present time, including the Arenal spring and tank site, but exclusive of other land values. Mr. Nye stated that $3,300 will have to be invested immediately in a new 6-inch main feeder line to serve the main Stinson Beach area, $8,500 for urgently needed additional storage facilities, $5,000 to install meters, $1,500 for a second-hand truck, $250 to $300 for a new settling tank and $1,200 to $1,400 to enlarge and replace inadequate and worn-out mains. These improvements do not include the replacement of the greater portion of the old Stinson Beach distribution mains which were installed over 40 years ago, mostly from pipe salvaged from the San Francisco fire of 1906. Mr. Nye stated that he and Mr. Marsh were ready and willing to rehabilitate the old Stinson Beach Water Works distribution system if the Commission would establish a rate which would make the necessary expenditures worthwhile.

Mr. Nye claimed that the water shed lands, from which the water supplies of these two systems have been developed, comprised from 600 to 750 acres upon which he placed a value of from $30,000 to $35,000. The Arenal spring and tank site was given no present fair market value but was purchased for $1,500 or $1,600 about eight years ago. Mr. Pohli, however, representing the protestants, testified that in his opinion none of the watershed lands had any value other than for the water produced thereon.

Mr. Edmund F. Catey submitted a report, prepared jointly with Mr. Clyde F. Norris, Commission engineers, covering an investigation of the operations of the two systems. The fixed capital of the Arenal System was based upon an historical cost appraisal of the operative properties of the company, made in 1940 by R. E. Savage and R. S. Melvin, engineers for the Commission at that time. To these amounts were added subsequent net additions and betterments, resulting in a total estimated historical cost, exclusive of lands, of $11,828, as of September 1, 1947, with a corresponding depreciation annuity of $175, computed by the 5% sinking fund method. The fixed capital of the Stinson Beach Water Works was based upon an appraisal made in 1941 by John L. Luthin, a Commission engineer, and likewise was brought up to

date, resulting in an estimated historical cost, less land value, of $21,552, as of September 1, 1947. The corresponding depreciation annuity was $302, computed by the sinking fund method at 5%.

Summarized below are the estimated historical costs of the two systems as appraised by the Commission's engineers, as of September, 1947:

Item	Arenal	Stinson	Total
Fixed Capital (Excluding Land)	$11,828	$21,552	$33,380
Materials & Supplies	250	250	500
Landed Capital*	1,567	2,263	3,830
Deduct for Advances**	-	6,410	6,410)
Rate Base	$13,645	$17,655	$31,300

Notes: *Includes three tank sites and watershed protection and protective rights of way.

**Distribution facilities solely serving Stinson Beach Highlands Subdivision excluded from the above fixed capital.

Operations for the year 1946, taken from the companies' annual reports to the Commission are as follows:

Item	Arenal Water Company	Stinson Beach Water Works	Total
Fixed Capital	$8,052	$20,112*	$28,164
Revenues	1,836	2,099	3,935
Expenses	2,213	3,078	5,291
Net Revenues	($377)	($979)	($1,356)

(Red Figures)

Note: *Includes $13,000 for Lands.

Analysis by the Commission's engineers of the maintenance and operating expenses, including taxes and depreciation, as set up in the annual reports to the Commission, indicated certain capital charges therein. Adjustments therefor showed that for the year 1946 the proper charges should have been $3,682. With revenues of $3,935 for this same period, the operations resulted in a net revenue of $253.

Applicants estimated the 1947 combined revenue under existing rates to be $3,977 and claim their expenses, including taxes and depreciation, should be $8,949,

if charges actually were made for salaries and general supervision. This would leave a deficit of $4,972.

According to the estimates presented by the engineers for the Commission the combined revenue for the year 1947, under existing rates, should be $4,490; the expenses, including depreciation, $3,890; leaving net revenues of $600.

The Stinson Ranch, owned by Nye and Marsh, contains 1,650 acres. The water supply for the two utility water systems now is obtained from several small streams arising on the ranch, the flow being sustained during the summer and fall months by springs and seepage draining into the water courses. No reliable data is available on the average low flow yield of these various streams and springs, although our estimate, not definitely fixed as to the year and relative climatic conditions, gave the low flow yield of Stinson Creek as 30 M.G.D. and 15 M.G.D. for all others combined. These data are of value only for comparative purposes. The water shed lands are very steep and precipitous, thickly covered with brush and some timber, and not suitable for grazing or any agricultural purpose.

Mr. Nye claimed that from 600 to 750 acres of these water shed lands were necessary for protection of the utility water supplies, upon which he placed a value of $30,000 to $35,000. Mr. E. P. McAulliffe, Commission Land Appraiser, placed present fair market value of the ranch at $40 per acre. Mr. Catey testified that only one group of springs was fenced off, containing but a few acres, and that by reason of the steep and bushy nature of the other diversions, fencing not only would be impractical but is unnecessary. Mr. Catey further testified that, at most, not over ten acres at each spring or diversion would be necessary for water supply protection, and this area mainly for operating purposes.

The present fair market value of the tank and other sites, rights of way, and of Arenal Spring and tank site lands, exclusive of water shed lands, was appraised by the Commission's land appraiser at $1,830. Upon the basis of the testimony of necessary water shed lands and their present fair market value, it appears that $2,000 is fair and reasonable, making a total land value of $3,830 for the purposes of this proceeding.

Complainants in Case No. 4898 had objected to paying a higher rate for service than the consumers were charged on the Stinson Beach Water Works System since consolidation under the same ownership and with the same source of water supply. However, complainants withdrew their opposition to the extent that they agreed to the transfer and establishment of a fair and uniform schedule of rates for both service areas.

Nye and Marsh claim to have spent $16,000 in water system improvements since acquisition of the two properties. However, most of this money was expended in development of water supply sources, transmission mains, storage facilities and piping to serve the Stinson Beach Highlands subdivision, which the two partners have placed on the market. Six thousand four hundred ten dollars ($6,410) of this expenditure benefited solely the subdivision and has not been included in the rate base structure since there is but one home now constructed and occupied in the tract at the present time.

The consumers in the Stinson Beach Water Works service area complain and the evidence conclusively supports them therein, that none of this expenditure has improved their service conditions other than providing some additional standby storage, and that even said storage is not properly available to them, by reason of the system design and present operating methods. Practically none of this money was expended to enlarge or replace the worn-out and wholly inadequate mains in the Stinson System area, except incidentally. The new storage tank is located at an elevation so high that water cannot be delivered directly into the old Stinson Beach System without blowing out home plumbing and fixtures as well as the water mains. Under these circumstances it certainly cannot be fair and proper to charge against these consumers the entire cost of the increased capital installed by applicants here primarily to serve Stinson Beach Highlands. The consumers in the old Stinson Beach service area should be assessed only their reasonable proportion of these improvements when they are made available to them. Messrs. Nye and Marsh cannot be held wholly responsible for the inadequate water facilities and service, a condition which has existed for many years prior to their acquisition of the

Stinson Ranch and the two water utilities. But they are in a position and owe a duty to the public to relieve the intolerable service conditions existing in the Stinson Beach Water Works service area. This area and the Highlands Subdivision must be zoned in two or three distribution districts, and controlled by automatic pressure regulating valves. The middle and lower zones must be so arranged that full advantage may be taken of both the upper, or Highlands tank, and the old main Stinson Beach tank. Choice in the two or three-zone operation will be left to applicants, subject to approval by this Commission, especially in view of the proposed erection of another and much needed additional storage tank.

A six-inch pipeline should be installed immediately through the central service area, preferably, at least in part, along Calle Del Mar (county road) to its intersection with the State Highway (Baulinas Avenue). On State Highway (Baulinas Avenue) there also should be installed a main not less than 4 inches in internal diameter, which main should extend from Belvedere Avenue on the east to at least a point opposite the westerly boundary of Block 1, H. H. Stinson's Subdivision No. 1. This main should be circulated and not be dead-ended at Belvedere Avenue and eventually should be extended westerly down the highway to connect with the Arenal service area mains.

Mr. Will Airey, a pioneer resident and business man of Stinson Beach, was called as a witness by applicant. Mr. Airey is now, and for several years last past has been, chief of the Stinson Beach Fire District, a duly constituted fire district under the general laws of the State of California. Mr. Airey testified that the fire district has money in its treasury available to pay for fire protection facilities, that it has fire fighting equipment available but which cannot be used in the Arenal and Stinson Beach areas because there are no fire hydrants and the present mains are too small for installation thereof. There are, however, according to the fire chief, six-inch mains and fire hydrants in the new Stinson Beach Highlands,-all, however, located too far away to be of much practical help in the older built-up areas. Mr. Airey stated further that although the utility had spent a great deal of money in system improvements, none of these had helped

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to reduce the very serious fire hazard in the main business and residential sections. The fire chief also stated that the fire district commissioners were ready and willing to pay fire hydrant rentals if the utility would install mains large enough to provide proper and adequate fire flow volume.

From the record it appears that the engineers for the Commission based their estimated future operating expenses upon past recorded costs. It is clear that to provide proper service, applicants will be required to spend more money for competent operating help. However, the claims of applicant that operating expenses of $8,949 per year are necessary and required, obviously is wholly without reason or justification. This cost would amount to $3.34 per consumer each month. A system with only 223 consumers cannot support such an overhead charge. The system has been operated by part-time assistance from applicant's ranch staff, and in all fairness should so continue. The sum of $5,000 for annual maintenance and operating expenses appears to be adequate and reasonable.

In view of the findings set forth above it is patent that applicants should have increased revenues in order to provide proper service. However, it is equally clear that the water service in the area of the original Stinson Beach system has for so many years been inadequate and unimproved that the service during the summer and fall is hardly worth the charges now being paid. For this reason, the new schedule of rates established in the following Order will remain effective only until the thirty-first day of May, 1948, in the service area of the Stinson Beach Water Works, excluding Stinson Beach Highlands and the former Arenal Water Company service area along the beach, unless by that date the improvements set forth above have been installed and are in operation in a manner satisfactory to this Commission. In the event the rates in the above Stinson Beach service area should revert to the old schedule, all annual payments and any other advance or prepayments for service shall be subject to refund on a prorated basis either in cash or by way of credit to the consumers.

The consumers complained that during the summer and fall months there has been a general shortage of water because Nye and Marsh used a large part of the

water supply to irrigate pasture crops on the ranch on a parcel of land adjacent to the Stinson Beach service area. The record shows that the ranch owners have approximately 35 acres planted to permanent pasture crops, which have received system water which Nye and Marsh claimed was actually surplus water not needed by the utility systems. However this may be, it is clear that during the summer and fall months the consumers have not had sufficient water. While this shortage on the old Stinson Beach system is due partly to inability of the small mains to deliver all available water, on enlarging the main capacities in this area, more water will be required and used. Applicants herein should understand that none of the waters dedicated to the public use on these two systems may be used for agricultural irrigation purposes, unless and until the domestic requirements of the consumers have been fully met.

It furthermore appears that some overtures have been made to Arenal Water Company by subdividers of a parcel of land located on the Baulinas sand spit, adjoining or adjacent to the Urton Tract, looking toward an extension of mains to supply water to a subdivision temporarily referred to as the "Kent Subdivision." In view of the uncertainties of water supply this year and the inadequate water service in portions of this utility's service area already existing, no such extension of water service into additional territory will be permitted by the Commission at this time.

O R D E R

Complaint having been filed as entitled above, application having been filed as above entitled, public hearings having been held thereon, the matters having been submitted and the Commission now being fully advised in the premises,

IT IS HEREBY ORDERED that Douglas A. Nye and Lucien A. Marsh, operating under the fictitious firm name and style of Stinson Beach Water Works, be and they are hereby authorized to transfer to Arenal Water Company, a corporation, their right, title and interest in and to the water distribution system used by them in supplying water to Stinson Beach, Marin County, as more particularly set forth and described in the application herein and that thereupon said Douglas A. Nye and

Lucien A. Marsh, be and are hereby relieved of all further public utility obligations and liabilities in connection with said water system, subject to the following terms and conditions:

1. The authority herein granted shall apply only to such transfer as shall have been made on or before the 30th day of April, 1948, and a certified copy of the final instrument of conveyance shall be filed with this Commission by Douglas A. Nye and Lucien A. Marsh;

2. On or before the 30th day of April, 1948, Douglas A. Nye and Lucien A. Marsh shall refund all amounts, if any, for deposits made for main connections, and/or any other purpose and within ten (10) days thereafter shall file with this Commission a written statement of compliance therewith.

IT IS HEREBY FOUND AS A FACT that the rates now charged by the Arenal Water Company, a corporation, for water supplied to its customers in the unincorporated area known as Stinson Beach, Marin County, are unjust and unreasonable in so far as they differ from the rates herein established and that the rates herein established are just and reasonable rates to be charged for such service to be rendered; that the increase in charges authorized in this decision is hereby found to be justified; and basing its Order upon the foregoing findings of fact and upon the statements of fact contained in the preceding Opinion,

IT IS HEREBY FURTHER ORDERED that Arenal Water Company, a corporation, be and it is hereby authorized and directed to file with the Public Utilities Commission of the State of California, within twenty (20) days from and after the effective date of this Order the following schedule of rates, for all water delivered to its customers in and in the vicinity of the unincorporated area known as Stinson Beach, in Marin County, said schedule to become effective for all water service rendered for the year 1948 and thereafter, except as hereinafter provided.

Schedule No. 1

MONTHLY METER RATES

Applicability:

Applicable to all water service rendered on a metered basis to bona fide permanent residents.

Territory:

In the subdivisions known as Robinson Tract, Upton Tract, Stinson Beach Highlands Tract, and the area presently being served by the Stinson Beach Water Works, in Marin County.

Rates:

Applicable only to water users who are permanent residents or operators of permanent and established commercial businesses or enterprises and who have taken continuous service for a period of 12 consecutive months.

For the Period From May 1 to November 30.

Monthly Quantity Charges:	Per Meter Per Month
First 500 cubic feet or less.....	$1.75
Next 1,000 cubic feet, per 100 cubic feet.....	.30
Next 1,000 cubic feet, per 100 cubic feet.....	.25
Over 2,500 cubic feet, per 100 cubic feet.....	.40

For Period From December 1 to April 30.

First 1,000 cubic feet or less.....	$1.75
Next 1,500 cubic feet, per 100 cubic feet.....	.15
Over 2,500 cubic feet, per 100 cubic feet.....	.10

Schedule No. 2

SUMMER AND VACATION CONSUMERS

METER RATES

Annual Charge For Calendar Year

Applicability:

Applicable to all water service rendered on a metered basis to non-permanent summer and intermittent residents or commercial enterprises.

Territory:

In the subdivisions known as Robinson Tract, Upton Tract, Stinson Beach Highlands Tract, and the area presently served by the Stinson Beach Water Works, in Marin County.

Rates:

Minimum Annual Charge:

Payable in advance, entitling the customer to 500 cubic feet of water each month during the calendar year..... $21.00

For all water used in excess of 500 cubic feet per month, charges shall be the same as provided for under Schedule No.1, during the respective periods of use.

Schedule No. 3

FLAT RATES

Applicability:

Applicable to all water service rendered on a flat rate basis.

Territory:

In the subdivisions known as Robinson Tract, Upton Tract, Stinson Beach Highlands Tract, and the area presently being served by the Stinson Beach Water Works, in Marin County.

Rates:

Annual charge, payable in advance for water service rendered each residence or commercial establishment..... $24.00

Schedule No. 4

FIRE HYDRANT RATES

	Per Month
Fire hydrants on mains less than 3" inside diameter.....	$.50
Fire hydrants on mains 3" inside diameter.....	.75
Fire hydrants on mains 4" inside diameter.....	1.25
Fire hydrants on mains larger than 4" inside diameter,	1.75

Hydrants to be installed by Utility. Location, size, and number of fire hydrants subject to agreement by and between Utility and Fire District, and private individuals where private fire protection is requested.

IT IS HEREBY FURTHER ORDERED that Arenal Water Company, within thirty (30) days from and after the effective date of this Order, shall file with this Commission plans for the installation of the improvements set forth in the Opinion preceding this Order, upon approval thereof by this Commission said Arenal Water Company shall proceed without delay with the installation thereof, to be completed on or before the thirty-first day of May, 1948, in a manner acceptable to and approved by this Commission.

IT IS HEREBY FURTHER ORDERED that the foregoing schedule of rates shall remain in effect in the service area of the Stinson Beach Water Works only until the thirty-first day of May, 1948, and shall be cancelled as of the first day of June, 1948, and thereupon on said first day of June, 1948, shall be superseded by the schedule of rates effective in said service area of Stinson Beach Water Works prior to the schedule of rates authorized in this Order, unless and until the

improvements ordered installed in the Opinion above and in this Order have been completed, are in proper operation, and have been approved by this Commission. In all other respects the schedule of rates established in this Order shall remain in full force and effect throughout the remainder of the consolidated service area.

IT IS HEREBY FURTHER ORDERED as follows:

(a) That Arenal Water Company, a corporation, within sixty (60) days from and after the effective date of this Order, shall submit to this Commission for its approval four sets of rules and regulations governing relations with its consumers, each set of which shall contain a suitable map or sketch, drawn to an indicated scale upon a sheet 8½ x 11 inches in size, delineating thereupon in distinctive markings the boundaries of its present service area and the location thereof with reference to the immediate surrounding territory; provided, however, that such map or sketch shall not thereby be considered by this Commission or any other public body as a final or conclusive determination or establishment of the dedicated area of service or any portion thereof.

(b) That Arenal Water Company, a corporation, within sixty (60) days from and after the effective date of this Order, shall file with this Commission four copies of a comprehensive map, drawn to an indicated scale of not less than 600 feet to the inch, delineating thereupon in distinctive markings the boundaries of its present service area. This map should be reasonably accurate, show the source and date thereof, and include sufficient data to determine clearly and definitely the location of the property comprising the entire utility area of service; provided, however, that such map shall not thereby be considered by this Commission or any other public body as a final or conclusive determination or establishment of the dedicated area of service or any portion thereof.

IT IS HEREBY FURTHER ORDERED that the major causes of complaint either having been withdrawn or satisfied by the Order herein, in all other respects the complaint in Case No. 4898 be and it is hereby dismissed.

The effective date of this Order shall be thirty (30) days from and after the date hereof.

Dated at San Francisco, California, this 9th day of March, 1948.

Arend Established 1939

500 cap @ 40 = 200
560 @ 30 = 150
60 @ 25 = 15
355

377
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Decision No. 55751

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

William Kent Estate Co., a corporation, Complainant vs. Stinson Beach Water Company, a corporation (formerly Arenal Water Company, a corporation), Defendant.	Case No. 5831
In the Matter of the Application of Stinson Beach Water Company, a corporation, for approval of an agreement between applicant and William Kent Estate Co., for service to real property of the latter, and for authorization to issue promissory note.	Application No. 39028

Vaughan, Paul & Lyons, by John G. Lyons, for Stinson Beach Water Company, applicant in Application No. 39028 and defendant in Case No. 5831.

W. Kevin Casey of Thacher, Jones, Casey & Ball, for William Kent Estate Co., complainant in Case No. 5831.

John D. Reader, for the Commission staff.

O P I N I O N

On October 15, 1956, William Kent Estate Co., hereinafter called Kent, filed its complaint herein against Stinson Beach Water Company, hereinafter called Stinson, alleging that although Stinson is required by law and by agreement dated December 31, 1948, to extend water service to all of Kent's properties known as Sandspit and Ranch lands, Stinson has refused and still refuses to furnish

water to Subdivision No. Two which is a part of said Sandspit and said Ranch lands and is contiguous to that part of said lands known as Subdivision No. One which Stinson now serves. On December 6, 1956, Stinson filed its answer to said complaint denying all allegations of the complaint except paragraphs 1 and 3 and alleging that Kent has refused to sell to Stinson its two 30,000-gallon water tanks together with the water supply in Black Canyon for said storage tanks, and that the extension of water service to Kent's new subdivision would be unreasonable and a detriment to Stinson's other consumers in view of the lack of assured water supply.

On April 29, 1957, Stinson filed Application No. 39028 herein requesting the Commission to make its order granting all necessary approval for the execution of three agreements attached to the application as Exhibits "A", "B" and "C", because (1) said agreements will lead to settlement of the complaint in Case No. 5831 herein, (2) they will make available to applicant water at very reasonable rates, and (3) they will provide necessary funds in the amount of $10,000 to purchase a jeep and water tanks and to replenish Stinson's working capital.

Exhibit "A" to the application herein is a copy of an agreement, dated April 5, 1957, between Stinson and Kent, which provides that for the sum of $5,831.05 Stinson shall purchase from Kent two 30,000-gallon water tanks located in the South Fork of Black Canyon, the water meter thereon, a certain intake pipeline running in an upstream direction from said tanks, an easement for the purpose of maintaining and servicing said water tanks, and an easement for water pipelines running in a downstream direction from said tanks to Panorama Highway. The agreement further provides that the agreement dated December 31, 1948, relating to the conditional sale by Kent to

Stinson of certain water pipe shall continue to December 31, 1958, at which time said water pipe shall be conveyed by Kent to Stinson. Stinson agrees to serve Seadrift Subdivision No. Two at Stinson Beach under a main extension agreement which deviates from Stinson's filed main extension rule in two respects: (1) Kent is required to donate $2,100 for the cost of fire hydrants, and (2) the amount to be refunded by Stinson to Kent is to be on the basis of 22 per cent of the actual annual revenues rather than 22 per cent of the system average revenues. The parties also agree to execute and file with this Commission a joint stipulation consenting to the dismissal of the complaint herein, and Kent agrees to release Stinson from any claim for damages arising from the failure of Stinson to serve Seadrift Subdivision No. Two prior to the closing date of the escrow created by the agreement. This agreement referred to as "Agreement for Sale of Tanks and Easements" is: (1) subject to and contingent upon Commission approval of the main extension agreement, (2) subject to and contingent upon the completion of the sale of the real property described in Exhibit "B" to George P. Leonard, hereinafter referred to as Leonard, and (3) subject to and contingent upon Commission approval of the agreement between Leonard and Stinson providing for the loan of $10,000 to Stinson and the sale of water by Leonard to Stinson as set forth as Exhibit "C" to the application.

Exhibit "B" provides for the purchase by Leonard from Kent of certain watershed land from which the two water tanks to be purchased by Stinson are supplied with water. The purchase price is $4,000. Exhibit "B" is subject to and contingent upon the completion of the sale provided for in Exhibit "A".

Exhibit "C" provides that Leonard agrees to lend or cause his wife to lend Stinson $10,000 repayable on or before five years

after the effective date to be used for the following purposes: (1) $5,831.05 for the purchase of water tanks, meter and pipe, and easements pursuant to Exhibit "A", (2) $2,236.00 to reimburse Leonard for an amount advanced for the purchase of a 1957 Willys Jeep and (3) the remainder of $1,932.95 to be used for additional working capital. Exhibit "C" also provides that Leonard shall sell to Stinson, during a period of ten years from the effective date thereof, such water from the water shed of Black Rock Creek as Stinson may require for the two 30,000-gallon tanks to be purchased from Kent. As compensation Stinson agrees to pay 7-1/2 cents per 100 cubic feet for all water withdrawn from said water tanks during the period from May 1 to November 30 in each year, and 5 cents per 100 cubic feet for all water used during the period from December 1 to April 30 in each year, subject to a minimum payment of $87.50 per quarter. Leonard also agrees to furnish Stinson water at the aforesaid rates subject to a minimum annual payment of $600 from the following sources of supply: East Stinson Creek, West Stinson Creek, Upper Fitzhenry Creek, Lower Fitzhenry Creek, and Fitzhenry No. One for a ten-year term. The agreement also provides for two successive five-year extensions at adjusted rates mutually agreed upon and subject to approval by this Commission. Exhibit "C" is made subject to approval by the Commission and is contingent upon Commission approval of Exhibit "A".

Public hearing was held in these matters before Examiner John M. Gregory at San Francisco on June 18, 1957. At the conclusion of the hearing the matter was taken under submission.

The record shows that Leonard is the President of Stinson and that he owns all of the stock of Stinson with the exception of a few qualifying shares.

Both Kent and Stinson are fully aware of the nature and effect of the proposed deviations to Stinson's main extension rule which are incorporated in the Main Extension Agreement which is a part of Exhibit "A", and both have agreed to such deviations. Such deviations will be authorized.

The Commission staff engineer took exception to Stinson's proposal to purchase water from Leonard. In the rate proceeding before this Commission in 1948 the Commission included in the rate base an amount representing the value of the ranch lands used in supplying water to the utility.

Counsel for Stinson has advised that in support of any future application for increase in rates Stinson will seek to have included as an expense the charges for water which are set forth in Exhibit "C".

The rates proposed to be charged Stinson for water by Leonard are the same as those previously charged by Kent for water which it has sold to Stinson. Under the proposed agreement, however, a part of the facilities owned by Kent and used in the supplying of the water to Stinson will be sold to Stinson. Only the water shed land will be sold by Kent to Leonard. Nevertheless, Leonard testified that the proposed charges for water to be sold by him to Stinson are very low. No other evidence regarding the reasonableness of such charges was introduced at the hearing.

The record clearly establishes the fact that Leonard and his predecessors have dedicated the sources of water supply referred to in Exhibit "C" for the purpose of supplying water to Stinson for distribution for domestic use. In this connection we refer to Section 216(c) of the Public Utilities Code which reads as follows:

"(c) When any person or corporation performs any service or delivers any commodity to any person, private corporation, municipality or other political subdivision of the State, which in turn either directly or indirectly, mediately or immediately, performs such service or delivers such commodity to or for the public or some portion thereof, such person or corporation is a public utility subject to the jurisdiction, control, and regulation of the Commission and the provisions of this part."

In view of this provision of the Public Utilities Code the Commission concurrently with the issuance of this decision will institute its own order of investigation for the purpose of determining the status of Leonard as the owner and operator or owner or operator of a water system or water supply and for the further purpose of establishing rates and charges in the event the Commission finds and declares Leonard to be the owner and operator or owner or operator of a public utility water system or water supply.

Findings and Conclusions

1. We hereby find that the complaint of Kent against Stinson, Case No. 5831, should be dismissed.

2. We further find that the proposed deviations from Stinson's filed main extension rule are justified and should be authorized.

3. We further find that the partial (not complete) transfer of public utility properties as proposed in the application herein will not be adverse to the public interest and accordingly such transfers will be authorized. Should be conditioned upon [illegible]

4. We hereby further find that the money, property or labor to be procured or paid for through the issuance of the promissory note as requested in the application herein is reasonably required by Stinson for the purposes set forth in said application; and that such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income. Stinson will be authorized to issue such promissory note. The term "quarterly" at the beginning of line 6 in paragraph 5 on page 5 of Exhibit "C" should be changed to "monthly" so as to conform the agreement set forth as part of Exhibit "C" to the request of the application and the terms of the

proposed promissory note attached to said agreement.

We further find that the agreements and other documents set forth as Exhibits "A", "B", and "C" to the application herein will not be adverse to the public interest and that Stinson, Kent and Leonard should be authorized to execute the same and that said agreements should be approved by this Commission.

The action taken herein shall not be construed to be a finding of the value of the properties herein authorized to be transferred or of the reasonableness of the charges for water to be furnished by Leonard to Stinson pursuant to Exhibit "C".

O R D E R

Based on the evidence of record and on the conclusions and findings set forth in the preceding opinion,

IT IS HEREBY ORDERED that:

1. The complaint of William Kent Estate Co. against Stinson Beach Water Company, Case No. 5831, herein, is hereby dismissed.

2. Stinson Beach Water Company and William Kent Estate Co. are hereby authorized to execute and to effect the transfers of property as provided in the Agreement of Sale of Tanks and Easements and the Main Extension Agreement which comprise Exhibit "A" attached to Application No. 39028 herein, and said Agreement for Sale of Tanks and Easements and said Main Extension Agreement are hereby approved.

3. William Kent Estate Co. and George P. Leonard are hereby authorized to execute, and to effect the transfer of property as provided in the Agreement for Sale of Real Property which is attached to Application No. 39028 herein, and said Agreement for Sale of Real Property is hereby approved.

4. George P. Leonard and Stinson Beach Water Company are authorized to execute the agreement set forth as Exhibit "C" to Application No. 39028 modified by the substitution of the word "monthly" for the word "quarterly" at the beginning of line 6 of paragraph 5 on page 5 of said Exhibit "C" and said agreement as so modified is hereby approved.

5. Stinson Beach Water Company is hereby authorized to execute and issue to Wilma Leonard the promissory note, set forth as Exhibit 1 to Exhibit "C" to Application No. 39028 herein, in consideration of the sum of $10,000 to be used for the purposes set forth in said Application No. 39028.

6. Stinson Beach Water Company shall file with this Commission within thirty days after the effective date of this order two certified copies of the Main Extension Agreement and of the agreement substantially as set forth as Exhibit "C" to Application No. 39028, as executed, together with a statement of the date on which each agreement was deemed to have become effective.

7. Within thirty days after the completion of the transfers of public utility properties herein authorized Stinson Beach Water Company and George P. Leonard shall notify the Commission in writing of the fact and file with the Commission a true copy of any bills of sale, deeds or other instruments of transfer executed to effect the same.

8. Stinson Beach Water Company shall file with the Commission a report, or reports, as required by General Order No. 24-A, which order, in so far as applicable, is made a part of this order.

9. The authorization herein granted to issue a promissory note will become effective when Stinson Beach Water Company has paid the minimum fee prescribed by Section 1904(b) of the Public Utilities

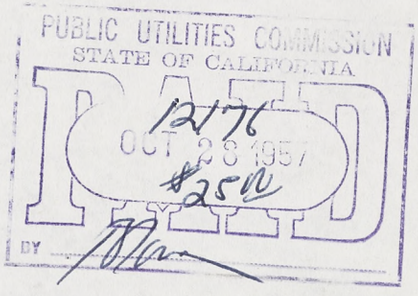
Code, which fee is $25. In other respects the effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 28th day of OCTOBER, 1957.

MATTHEW J. DOOLEY, Acting President
REX HARDY
C. LYN FOX
Commissioners

Peter E. Mitchell

Commissioner Ray E. Untereiner, being necessarily absent, did not participate in the disposition of this proceeding.



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BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF CALIFORNIA

In the Matter of the Application of STINSON BEACH WATER COMPANY a corporation, for an increase in rates.	))))	Application No. 39391
Commission investigation on its own motion into the operations, rates, charges, service, contracts, affiliated interests, and practices of GEORGE P. LEONARD.	))))))	Case No. 5998

Decision No. 57,293

AMENDMENT TO PROTESTANTS' PETITION FOR REHEARING

The Petition of Progressive Club of Stinson Beach and Stinson Beach Fire District, dated September 11, 1958, is amended as follows, to include the following additional consecutively numbered items which further study of Decision No. 57,293 indicates as requiring further review by the Commission to prevent violation of Section 451 of the Public Utility Code:

10. The acceptance at top of page 6 of this Decision of $4039 as the depreciated rate base component of Leonard's $5673.68 estimate of the historical cost of 5000 feet of transmission line. The 1948 staff report in Application No. 28482 (carried forward with retirement adjustments to the 1958 staff rate base) shows $1177 on each of the pages 3 and 7 or an undepreciated total of $2354, only 41½% of Leonard's unqualified and unjustifiable estimate. In 1948, the Staff had access to

the actual 1945 cost of the War Surplus pipe and the actual cost of installation. The Commission's Attorney took no action to protect the Staff rate base by disqualification of Leonard's estimate, even after urgent appeal by our Engineer, Mr. Green. We now ask to have this error corrected. The similarly depreciated rate base component of $2354 is $1676, a reduction from the Commission's accepted $4039 of $2363 in Utility Leonard's rate base for this Item 10.

11. Limiting the hydrant rental income to only organized fire districts allows for no income for the 5 hydrants in Highlands addition, all attached to six-inch mains, and 9 hydrants in the Seadrift Additions all on four-inch mains. Storage tank and mains capacity for furnishing this fire protective service is included in the rate base of Stinson. The Protestants in the hearing recommended a 30% surcharge for Seadrift Additions to cover the long transmission costs and the above described hydrant service. Failure to collect from friendly realtors is not an excuse for such discrimination against petitioners.

Petitioners feel justified in presenting the following specific refutations of statements made in the Reply of Stinson Beach Water Company and George P. Leonard dated September 16, 1958 (using same sub paragraph numbers):

1. The record does show, by testimony of C. J. Green, formerly first Hydraulic Engineer and then Chief Engineer of the Oregon Public Service Commission, that the grazing lands are not useful, but highly detrimental, to the utility operations, because of the production of turbidity during heavy rainfall. The record will show that samples of the silt laden run-off, taken on two water sheds above the timberline early of the morning of such testimony, were offered as exhibits if the Examiner considered such

hard-to-file exhibits as necessary to back up the oral testimony. He ruled that they were not necessary. We now have pictoral evidence, not possible near the end of the rainy season last March, of the complete worthlessness of these grazing lands for producing water during the critical summer and early autumn period. The $5073.51 stated in our protests is a measure of the worthlessness only of such lands. A measure of the damage of these Turbidity (producing) acres would be the cost of construction of turbidity reduction structures on the water sheds, a measure probably not justified at this time, except experimentally. Such an evaluation of negative rate value would reduce the decision dedication total of $8198.79 to less than the $2000 determined in the 1948 proceeding, the continuation of which amount petitioners contended for in this proceeding.

Any reference to the Commission's allowance elsewhere for dedication of grazing water-shed lands should develop whether such lands were actually and necessarily useful in producing acceptable water for domestic use. Such situation could occur only where such lands were tributary to a storage reservoir. Such storage would acceptably solve the turbidity problem.

2. (III) Petitioners welcome the dedication of the generally clear water producing brush covered lands, and request definitive action by the Commission preventing Utility Leonard from putting these dedicated lands to other use detrimental to the water supply. We would agree to a rate base component of $3125.28 for such definitely dedicated lands, if there were no tributary grazing lands above them, but this amount snould be reduced by the detrimental evaluation of the grazing Turbidity Acres. (See Sub Paragraph 8 of Protest concerning destruction of previously existing Turbidity settling function of Highland and Stinson tanks.)

3. (IV) Petitioners ask for a continuance, in effect, of the previously satisfactory existing operating

condition, wherein the Baulines Ranch investment in production and transmission plant, and the related fixed costs of operation were included as a part of the entire water utility operation. The declaration of Leonard to be a water producing utility merely called for a segregation of the fixed charges applicable to that utility. The added cost of production metering is only justified where quantity becomes the best measure of the amount of service rendered. Metering of individual consumers prevents both waste of water during critical periods and proportions revenue to benefits received which having been applied where thus useful does not apply justifiably to the Leonard sale to Stinson.

And here if quantity measurement were acceptable, we find Decision No. 57293 based on a quantity estimated consumption of the flat rate consumers in addition to metered customers in schedule C of Application No. 39391 dated September 6, 1957. While then an estimate was necessary, the needless expense of large meters at storage tanks should now yield actual quantities of water taken from these storage tanks. What Leonard is entitled to can be fixed by a flat annual production cost determined on a much reduced rate base and proportional fixed charges (see sub paragraphs 1 and 2 above).

On the metered basis Utility Leonard may get less, or on the other hand the customers pay more (much more perhaps) than is fair and reasonable on the basis of actual cost to Utility Leonard. It is to be noted that the State Park is still being served by Stinson.

4. (V) Leonard's activity as a company official during a rate proceeding period is not as good a criterion of the quality of his personal services as is the previous normal year, 1957.

6. (VII) The record of fencing of Black Rock Creek

should show that it is located to keep pasturing cows from falling over the steep bank into the creek and is within the property line where pasturage would thus be made available. The record does show that protestants recommended an additional operating expense to reimburse adverse owners near the intake for a complete restriction of the pasturage rights. The operation for the previous 29 years was not by a Public Utility.

Dated at Stinson Beach this 2nd day of October 1958.

Respectfully submitted,

PROGRESSIVE CLUB OF STINSON BEACH

By /s/ A. A. EUSTIS
A.A. Eustis, President

STINSON BEACH FIRE DISTRICT

By /s/ OB CAVANAUGH
OB Cavanaugh, Commissioner

BD

Decision No. 57452

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of STINSON BEACH WATER COMPANY, a corporation, for an increase in rates.	Application No. 39391
Commission investigation on its own motion into the operations, rates, charges, service, contracts, affiliated interests, and practices of GEORGE P. LEONARD.	Case No. 5998

ORDER DENYING REHEARING

Stinson Beach Progressive Club and Stinson Beach Fire District, having jointly filed a petition for rehearing of Decision No. 57293 and an amendment to said petition, and the Commission having considered said petition and the amendment thereto, and each and every allegation therein, and being of the opinion that no good cause for granting of a rehearing has been made to appear, IT IS ORDERED that rehearing is hereby denied.

Dated at San Francisco, California, on this 15th day of October 1958.

C. LYN FOX
President
PETER E. MITCHELL
RAY E. UNTEREINER
MATTHEW J. DOOLEY
THEODORE H. JENNER
Commissioners

CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing Amendment to Petition for Rehearing upon each party of record by mailing a copy thereof, postage prepaid, properly addressed to each party.

Dated at Stinson Beach, California, this fourth day of October, 1958.

A. A. Eustis

/s/ A. A. EUSTIS

STATE
RIDGECREST
PARK
BLVD
1846
1600
1800
939
Bolinas
Ridge
Abandoned
Ridge Rd
2000
1400
800
600
1200
110
63
64
79
48
1938
1437
BDY
West Stinson 4
169 A.
East Stinson 4
169 A.
Water Tank
291
200
Water Tank
PANORAMIC
HY
SAUCELITO
400
126
McKinn
GAME
Stinson Beach
Seh
BM 24
HIGHWAY
Causeway
Stinson
Beach
Sand
BM 18
BM 11
SBSP
STINSON BEACH
STATE PARK
40
#9
18

EXHIBIT NO. 11

Schedule of Watershed Areas and Values

Watershed Designation	Date of Dedication	Las Baslines Ranch: Total Acres	Las Baslines Ranch: Acres Steep Hill and Brush Land $25.00 1953	Las Baslines Ranch: Acres Grazing Hill Land $100 Acre 1953	Black Rock Area: Acres Steep Hill and Brush $25.00 Acre 1953	Black Rock Area: Acres Grazing Hill Land $100 Acre 1953	% of 1953 Value at time of Dedication	Value per acre at time of Dedication	Value at Time of Dedication
West Stinson	1946	169	59				69	1725	101775
				110			69	6900	759000
East Stinson	1946	102	39				69	1725	67275
				63			69	6900	434700
Upper Fitzhenry	1906	127	48				34.4	860	41280
				79			34.4	3440	271760
Lower Fitzhenry	1906	152	48				34.4	860	41280
				104			34.4	3440	357760
Black Rock	1928				39		62.5	1562	60938 *
						33	62.5	6250	206250
Totals									2342018
Fitzhenry #2			57				69	1725	98325
				70			69	6900	483000
Totals			251	426	39	33			2923343
Stinson Creek below Intakes			196						
McKinnon Gulch			80						
Bluff on Road			15						
Steep Hill & Brush Land			462						

* Actual Cost of Black Rock Purchase to protect supply was $4,000.00.

PROGRESSIVE CLUB

OF

STINSON BEACH

MARIN COUNTY CALIFORNIA

March 26, 1958

To Whom It May Concern:

The Stinson Beach Progressive Club, composed of residents interested in the welfare of the Community, has authorized Mr. C. J. Green to represent the Club and its members before the California Public Utilities Commission in Application 39391.

[signature] Pres.

[signature] V. Pres.

Edward Leslie Sec.

Copy

March 26, 1958

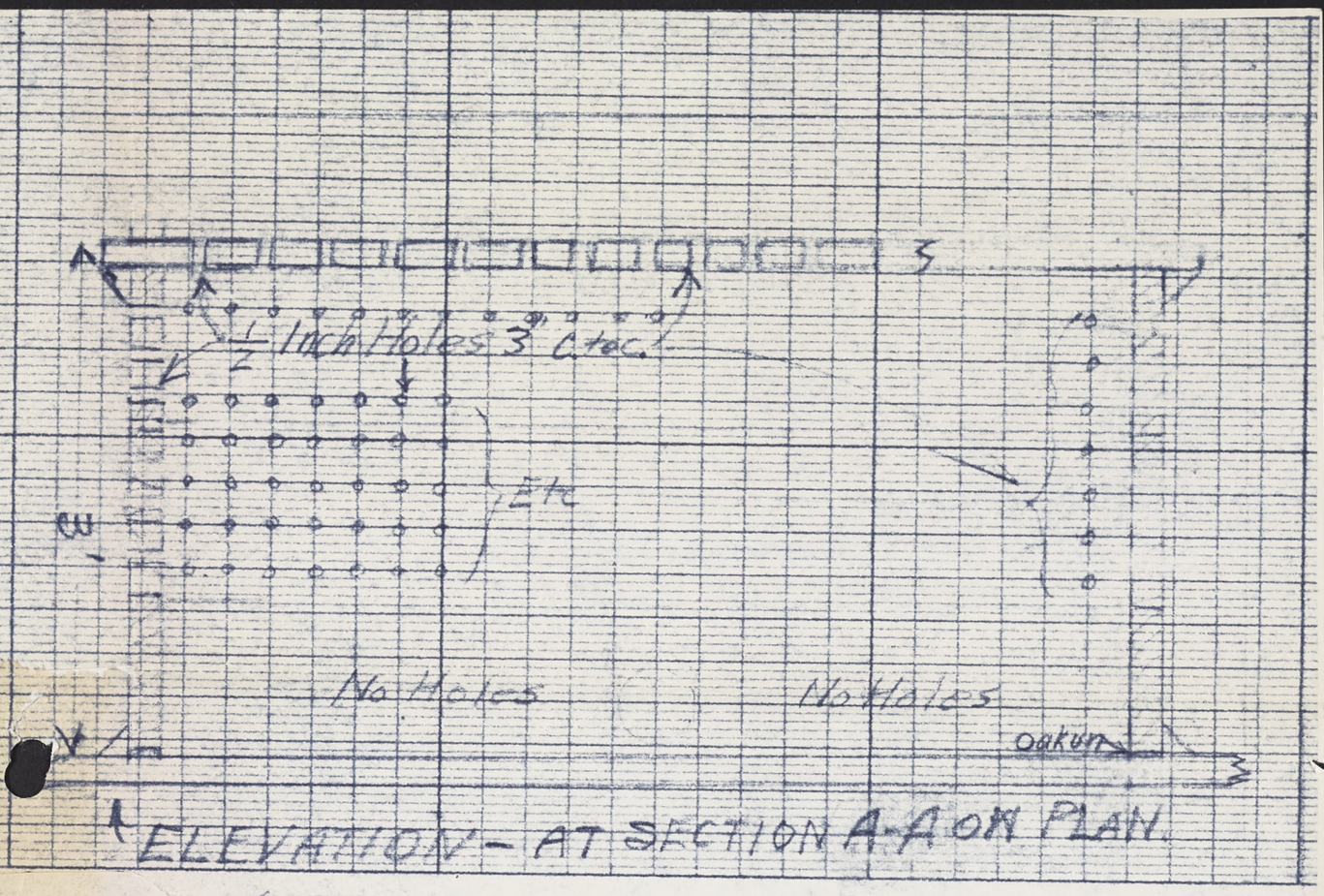
To Whom It May Concern:

The Board of Directors of the Stinson Beach Community Center, Incorporated, hereby authorizes Mr. C. J. Green to represent the corporation before the California Public Utilities Commission in case 39391.

A. Curtis Pres.

Andre Lanbeg. Pres.

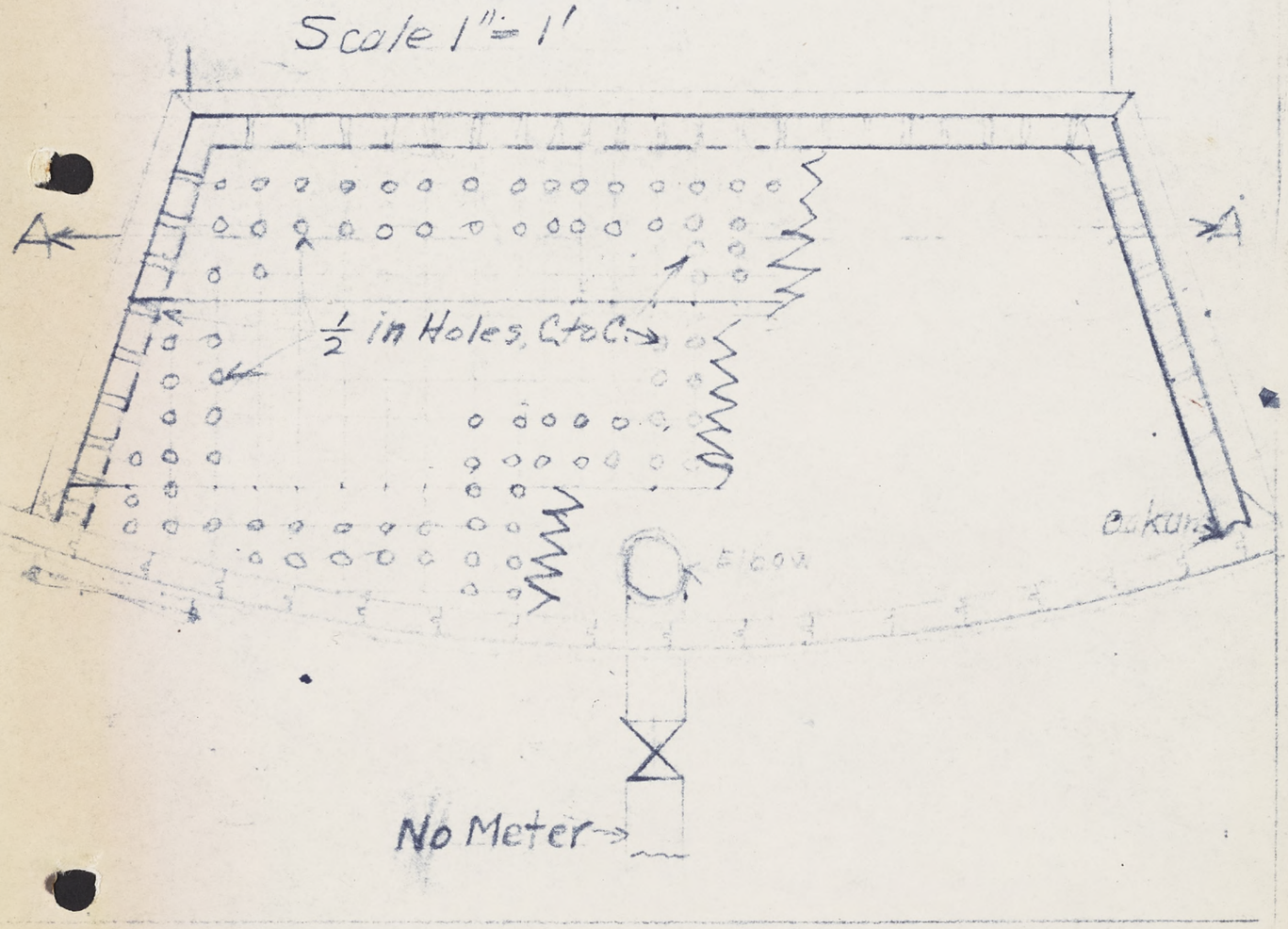
Edmund Leslie Sec.



AND
PLAN

STORAGE TANK OUTLET BAFFLE

Gratuitous by C.J. Green
March 22 1958
Scale 1" = 1'



APPLICATION NO. 39,391

PROTESTANTS' SUMMARY OF ALLOWABLE TOTALS

Operating Expenses

Source	Staff Report par.3, p.17 1957 Adjusted	Protestants' Difference	Protestants' Result
1. Source and Supply	$ 645	$ -	$ 645
2. Purchased Water	1,830	1,830	-
3. Water Treatment	1,225	-	1,225
4. Trans. and Distr.	2,610	215	2,395
5. Customers' Accounts	1,050	270	780
6. General	2,440	595	1,845
7. Total	9,800	2,910	6,890
8. Less Purchased Water	1,830	1,830	-
9. Subtotal	7,970	1,080	6,890
10. Kent & Leonard non-grazing rental	-	(200)	200
11. TOTAL Operating Expense (Fwd.to table below)	7,970	880	7,090

Resultant Return and Revenue From par.2,p.26

11. Operating Expense	$ 7,970	$ 880	7,090
12. Taxes Other Than Income	1,030	-	1,030
13. Depreciation Expense	1,490	-	1,490
14. Income Tax	25	-	25
15. Subtotal	$ 10,515	$ 880	$ 9,635
16. Return @ 6% on (18)below			1,386
17. Required Revenue			** $11,021
18. New Rate Base	$ 25,200	*$ 2,100	$23,100

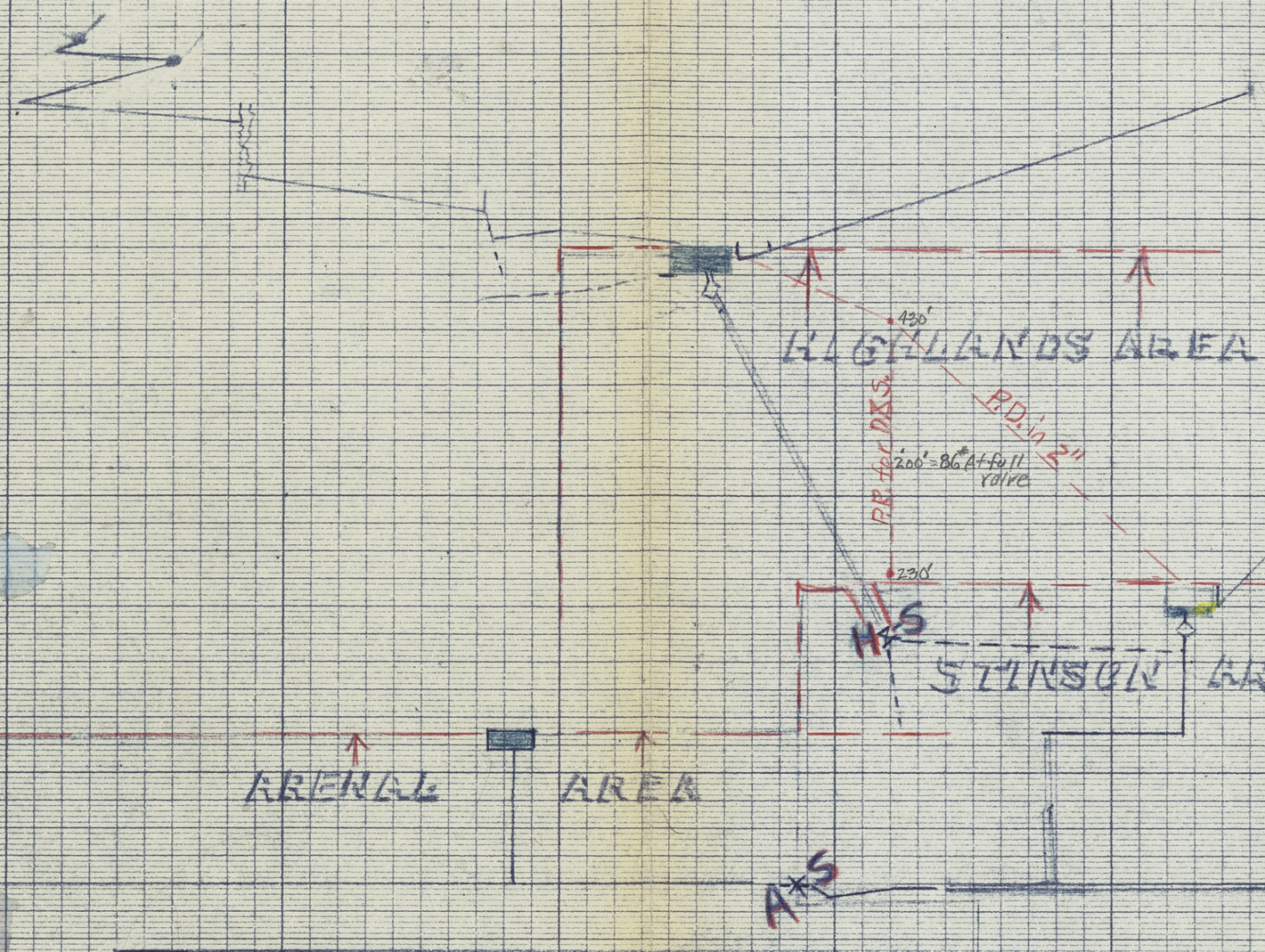
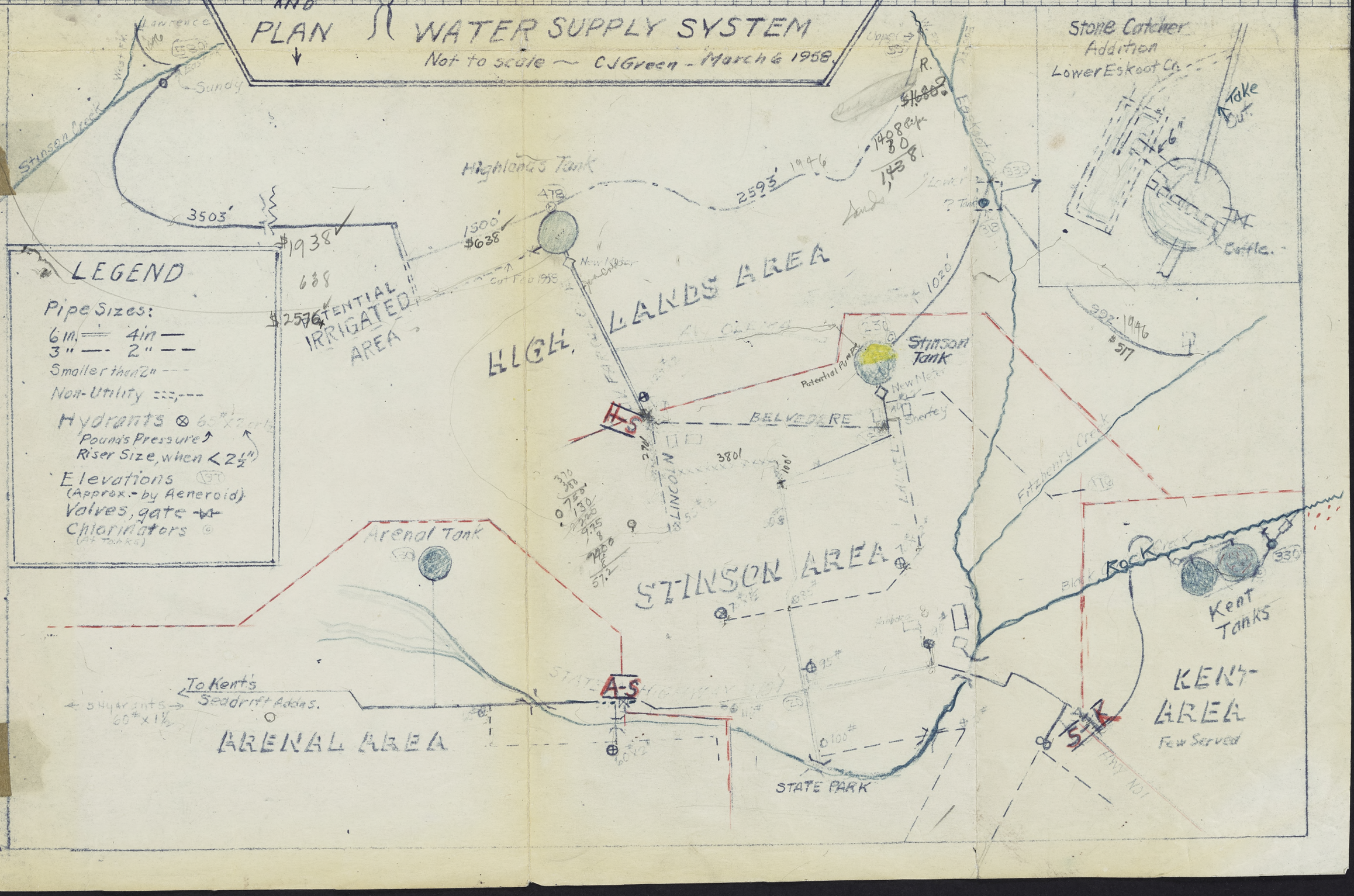
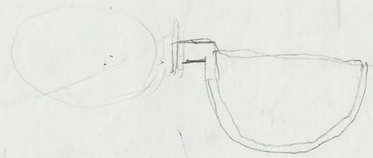
* Upper Fitzhenry Diversion - $1,200

Highlands Excess over Average Customer Cost - 900

$ 2,100

** The answer, which is: Present 1957 Revenue, $9,900 plus 13.5% thereof.

"CLEARPRINT" PROFILE PLAN PLATE A
"CLEARPRINT" PAPER CO.
MADE IN U.S.A.

ELEVATION SKETCHES OF STINSON BEACH AND PLAN WATER SUPPLY SYSTEM

Not to scale — C.J.Green - March 6 1958.